The Ontario Securities Commission

OSC Bulletin

September 22, 2000

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The Ontario Securities Commission Administers the
Securities Act of Ontario (R.S.O. 1990, c.S.5) and the
Commodity Futures Act of Ontario (R.S.O. 1990, c.C.20)

The Ontario Securites Commission
Cadillac Fairview Tower
Suite 800, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

September 22, 2000

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

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

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THE COMMISSIONERS

David A. Brown, Q.C., Chair	—	DAB
John A. Geller, Q.C., Vice-Chair	—	JAG
Howard Wetston, Q.C. Vice-Chair	—	HW
Kerry D. Adams, FCA	—	KDA
Stephen N. Adams, Q.C.	—	SNA
Derek Brown	—	DB
Morley P. Carscallen, FCA	—	MPC
Robert W. Davis, FCA	—	RWD
John F. (Jake) Howard, Q.C.	—	JFH
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
R. Stephen Paddon, Q.C	—	RSP

SCHEDULED OSC HEARINGS

Date to be announced	**Amalgamated Income Limited Partnership and 479660 B.C. Ltd.** s. 127 & 127.1 Ms. J. Superina in attendance for staff. Panel: TBA
Date to be announced	**2950995 Canada Inc., 153114 Canada Inc., Micheline Charest and Ronald A. Weinberg** s. 127 Ms. S. Oseni in attendance for staff. Panel: HIW / MPC / RSP
Date to be announced	**Patrick Joseph Kinlin** s. 127 Mr. I. Smith in attendance for staff. Panel: TBA
Sep27/2000 10:00 a.m.	**Philip Services Corp., Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey, Colin Soule, Robert Waxman and John Woodcroft** s. 127 Ms. K. Manarin & Ms. K. Wootton in attendance for staff. Panel: TBA
Sep28/2000 10:00 a.m. Pre-Hearing Conference	**Noram Capital Management, Inc. and Andrew Willman** s. 127 Ms. K. Wootton in attendance for staff. Panel: JAG

Oct 12/2000 10:00 a.m.	**Wayne S. Umetsu** s. 60, CFA Ms. K. Wootton in attendance for staff. Panel: TBA	
Oct 23/2000 10:00 a.m.	**Southwest Securities Inc.** ss. 127(1) and 127.1 Mr. T. Moseley in attendance for staff. Panel: TBA	
May 7/2001 10:00 a.m.	**YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths Mcburney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)** s. 127 Mr. I. Smith in attendance for staff. Panel: HIW / DB / MPC	**S. B. McLaughlin**

ADJOURNED SINE DIE

DJL Capital Corp. and Dennis John Little	
Dual Capital Management Limited, Warren Lawrence Wall, Shirley Joan Wall, DJL Capital Corp., Dennis John Little and Benjamin Emile Poirier	
Irvine James Dyck	
M.C.J.C. Holdings Inc. and Michael Cowpland	
	Robert Thomislav Adzija, Larry Allen Ayres, David Arthur Bending, Marlene Berry, Douglas Cross, Allan Joseph Dorsey, Allan Eizenga, Guy Fangeat, Richard Jules Fangeat, Michael Hersey, George Edward Holmes, Todd Michael Johnston, Michael Thomas Peter Kennelly, John Douglas Kirby, Ernest Kiss, Arthur Krick, Frank Alan Latam, Brian Lawrence, Luke John Mcgee, Ron Masschaele, John Newman, Randall Novak, Normand Riopelle, Robert Louis Rizzuto, And Michael Vaughan
	2950995 Canada Inc., 153114 Canada Inc., Robert Armstrong, Jack Austin, Suzanne Ayscough, Mary Bradley, Gustavo Candiani, Patricia Carson, Stephen Carson, Lucy Caterina, Micheline Charest, Mark Chernin, Alison Clarke, Susannah Cobbold, Marie-Josée Corbeil, Janet Dellosa, François Deschamps, Marie-Louise Donald, Kelly Elwood, David Ferguson, Louis Fournier, Jean Gauvin, Jeffrey Gerstein, Benny Golan, Menachem Hafsari, Amir Halevy, Jerry Hargadon, Karen Hilderbrand, Jorn Jessen, Bruce J. Kaufman, Mohamed Hafiz Khan, Kathy Kelley, Phillip Kelley, Lori Evans Lama, Patricia Lavoie, Michael Légaré, Pierre H. Lessard, Carol Lobissier, Raymond McManus, Michael Mayberry, Sharon Mayberry, Peter Moss, Mark Neiss, Gideon Nimoy, Hasanain Panju, Andrew Porporino, Stephen F. Reitman, John Reynolds, Mario Ricci, Louise Sansregret, Cassandra Schafhausen, Andrew Tait, Lesley Taylor, Kim M. Thompson, Daniel Tierney, Barrie Usher, Ronald A. Weinberg, Lawrence P. Yelin and Kath Yelland

PROVINCIAL DIVISION PROCEEDINGS

Date to be announced	**Michael Cowpland and M.C.J.C. Holdings Inc.** s. 122 Ms. M. Sopinka in attendance for staff. Ottawa
Sep 20/2000 9:00 a.m.	**Arnold Guettler, Neo-Form North America Corp. and Neo-Form Corporation** s. 122(1)(c) Mr. D. Ferris in attendance for staff. Court Room No. 111, Provincial Offences Court Old City Hall, Toronto
Oct 10/2000 - Nov 3/2000 Trial	**Dual Capital Management Limited, Warren Lawrence Wall, Shirley Joan Wall** s. 122 Ms. J. Superina in attendance for staff. Court Room No. 9 114 Worsley Street Barrie, Ontario
Oct 16/2000 - Dec 22/2000 10:00 a.m.	**John Bernard Felderhof** Mssrs. J. Naster and I. Smith for staff. Courtroom TBA, Provincial Offences Court Old City Hall, Toronto
Dec 4/2000 Dec 5/2000 Dec 6/2000 Dec 7/2000 9:00 a.m. Courtroom N	**1173219 Ontario Limited c.o.b. as TAC (The Alternate Choice), TAC International Limited, Douglas R. Walker, David C. Drennan, Steven Peck, Don Gutoski, Ray Ricks, Al Johnson and Gerald McLeod** s. 122 Mr. D. Ferris in attendance for staff. Provincial Offences Court Old City Hall, Toronto
Jan 29/2001 - Feb 2/2001 9:00 a.m.	**Einar Bellfield** s. 122 Ms. K. Manarin in attendance for staff. Courtroom C, Provincial Offences Court Old City Hall, Toronto

Reference: John Stevenson
Secretary to the
Ontario Securities Commission
(416) 593-8145

1.1.2 Dialogue with the OSC

July 4, 2000

Dialogue with the OSC

Dear Colleague:

Each year the Ontario Securities Commission sponsors an all-day conference designed to bring the staff of the Commission together with professionals from the financial services industry.

I would like to take this opportunity to invite you to participate in this year's ***Dialogue with the OSC*** event, now in its sixth successful year, which will take place at the Toronto Sheraton Centre Hotel on October 31st, 2000.

This year, the agenda for Dialogue again focuses on the significant regulatory issues and events that have emerged over the past year, including the Ontario Government's plan to merge the OSC with the Financial Services Commission of Ontario. Topics will also include **A Market Regulation Update, Financial Planning, Mutual Funds and the Launch of the MFDA, Enforcement Issues and Current Financial Reporting and Auditing Issues,** among many other interesting and timely items.

The proposed agenda for ***Dialogue with the OSC 2000*** is attached.

The cost to attend this conference is $400.00 and for those registering before September 11th we are offering an early bird special of $350.00. To reserve your place, return the attached agenda with your business card and concurrent session choices by facsimile to (416) 593-0249. An invoice will follow. If you have any questions please call ***Dialogue with the OSC*** registration at (416) 593-7352 before October 20, 2000. Or you may register on-line through the OSC website at www.osc.gov.on.ca.

New This Year

The 2000 edition of ***Dialogue with the OSC*** will introduce a new and very exciting element to the program. In order to bring our staff and this important event to a greater number of our constituents, we are offering a modified version of Dialogue through a satellite feed to the following locations:

- London
- Sudbury
- Ottawa

During the satellite broadcast, participants at each of the above locations will be able to watch and listen to the presentations as well as ask questions of the panelists in Toronto.

If you are interested in attending Dialogue at one of these locations call (416) 593-7352.

I hope you are able to join us either in Toronto, or at one of the other locations across Ontario, for this exciting and informative conference.

Sincerely,

David Brown Q.C.
Chair

Encl.

DIALOGUE WITH THE OSC

Preliminary Agenda & Early Registration

9:00 a.m. **Welcoming Address**
Charlie F. Macfarlane, Executive Director, OSC

9:10 a.m. **Opening Remarks**
David A. Brown, Q.C., Chair of the OSC

9:30 a.m. **Executive Panel**
David Brown, Ontario Securities Commission; Dina Palozzi, Ontario Insurance Commission; Securities Market Participant and FSCO Participant

10:00 a.m. **Panel of Chairs**
Chairs of the Ontario, Alberta, British Columbia and Quebec Securities Commissions

11:00 a.m. **Break-Out Session 1**
(Please check one (1) box only on registration form to indicate concurrent session choice)

- **Market Regulation Update: Including ATS and the New Markets**
  A discussion of the changes in the Canadian marketplace including the OSC and the reorganization of the Canadian exchanges and regulatory approaches to advances in electronic trading technology.

- **Enforcement Issues**
  Current trends in enforcement reflecting the new approaches to enforcing Ontario Securities law.

- **Corporate Finance: An Update**
  Included in this update are a review of developments in recent filings issues and a report on small business financing.

11:50 a.m. **Break-Out Session 2**
(Please check one (1) box only on registration form to indicate concurrent session choice)

- **Mutual Funds: The Launch of the MFDA**
  An update on the launch of the Mutual Funds Dealers Association and the issues surrounding the question of distribution structures for the mutual fund dealer.

- **Strengthening the Secondary Market: Enhancing the Quality of Continuous Disclosure by Reporting Issuers**
  A discussion of legislative, regulatory and operational changes including the developments in Continuous and Integrated Disclosure. Also reviewed SEDI, the System for Electronic Data on Insiders.

- **International Issues: The OSC and the International Securities Regulators**
  A look at the critical issues facing regulators as electronic trading makes borders irrelevant in the age of e-trades and electronic communication. Also included will be a review of the work of the International Accounting Standards Committee.

12:30 p.m. **Lunch**

1:30 p.m. **Luncheon Address**
Dr. Sherry Cooper, Chief Economist, Nesbitt Burns

Tuesday, October 31, 2000 • Sheraton Centre Hotel • Toronto

Dialogue with the OSC • Tuesday, October 31, 2000 • Sheraton Centre Hotel, Toronto

2:00 p.m. Break-Out Session 3
(Please check one (1) box only on registration form to indicate concurrent session choice)

- **Financial Planning Update and The Re-regulation of Advice Project**
  A review of the products and services delivered to customers in view of the retail securities industry's shift in focus from stock trading to financial advice and asset management. Two regulatory initiatives that respond to this shift.
- **Current Financial Reporting and Auditing Issues at the OSC**
  A review of staff positions and current policy directions including a look at GAAP and GAAS.
- **The Latest Developments in Mergers and Acquisitions**
  The Takeover/Issuer Bids team from the OSC will highlight the issues and latest developments under discussion at the OSC.

3:30 p.m. Break-Out Session 4
(Please check one (1) box only on registration form to indicate concurrent session choice)

- **Latest Developments in Regulating Mutual Funds**
  Highlights of the present focus of the OSC in regulating mutual funds and their management, as well as a discussion of the regulatory issues raised by current trends in the industry. Includes a look at the OSC's work regarding the recently released report on fund governance.
- **SRO Oversight**
  A review of the Commission's efforts to strengthen protocols for SRO oversight through the development of oversight agreements and the planned national compliance review.
- **Investor Education**
  A look at the products developed by the OSC to enhance investor understanding of the securities industry.

4:45 p.m. Closing Remarks

5:00 p.m. Conference Conclusion

DIALOGUE WITH THE OSC • REGISTRATION FORM

DIALOGUE BREAKOUT SESSIONS

You will be able to attend one breakout session for each time slot (Please check one (1) box for each Breakout Session)

11:00 - 11:40 Break Out Session 1

- ☐ Market Regulation Update
- ☐ Enforcement Issues
- ☐ Corporate Finance: An Update

11:50 - 12:30 Break Out Session 2

- ☐ Mutual Funds: The Launch of the MFDA
- ☐ Strengthening the Secondary Market
- ☐ International Issues

2:00 - 3:15 Break Out Session 3

- ☐ Financial Planning Update
- ☐ Current Financial Reporting/Auditing
- ☐ Latest Developments in Mergers/Acquisitions

3:30 - 4:45 Break Out Session 4

- ☐ Regulating Mutual Funds
- ☐ SRO Oversight
- ☐ Investor Education

Registration Fee: $400 (after September 11, 2000)
Earlybird Fee: $350 (before September 11, 2000)

To register, please attach your business card to this form and Fax to: "Dialogue with the OSC" at (416) 593-0249 An invoice for the registration fee will follow in the mail.

For a Detailed Program or Further Information:
Call (416) 593-7352 or visit our website at www.osc.gov.on.ca

Please Place your Business Card Here

DIALOGUE WITH THE OSC - LONDON

Preliminary Agenda & Early Registration

All morning sessions and the Luncheon Address will be broadcast from Toronto to London by satellite link followed by a live panel entitled, **Financial Planning - A Review of OSC/CSA Initiatives**. This panel will look at the current regulatory model governing advice. During the morning program, participants will be able to watch and listen to the presentations as well as ask questions of the panelists in Toronto.

9:00 a.m. **Welcoming Address**
Charlie F. Macfarlane, Executive Director, OSC

9:10 a.m. **Opening Remarks**
David A. Brown, Q.C., Chair of the OSC

9:30 a.m. **Executive Panel**
David Brown, Ontario Securities Commission; Dina Palozzi, Financial Services Commission of Ontario; Securities Market Participant and FSCO Participant

10:00 a.m. **Panel of Chairs**
Chairs of the Ontario, Alberta, British Columbia and Quebec Securities Commissions

11:00 a.m. **Market Regulation Update: Including ATS and the New Markets**
A discussion of the changes in the Canadian marketplace including the OSC and the reorganization of the Canadian exchanges and regulatory approaches to advances in electronic trading technology.

11:50 a.m. **Mutual Funds: The Launch of the MFDA**
An update on the launch of the Mutual Funds Dealers Association and the issues surrounding the question of distribution structures for the mutual fund dealer.

12:30 p.m. **Lunch and Luncheon Address**
Dr. Sherry Cooper, Chief Economist, Nesbitt Burns

2:00 p.m. **Live Panel in London**
Financial Planning - A Review of OSC/CSA Initiatives
Julia Dublin, Chair, CSA Financial Planning Committee
A look at the current regulatory model governing advice.

3:00 p.m. **Closing Remarks**

DIALOGUE WITH THE OSC • REGISTRATION FORM

Registration Fee: $300 (after September 11, 2000)
Earlybird Fee: $250 (before September 11, 2000)

To register, please attach your business card to this form and Fax to: "Dialogue with the OSC" at (416) 593-0249
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Tuesday, October 31, 2000 • London

DIALOGUE WITH THE OSC - OTTAWA

Preliminary Agenda & Early Registration

All morning sessions and the Luncheon Address will be broadcast from Toronto to Ottawa by satellite link followed by a live panel entitled, **Small Business Financing - A Progress Report**. This panel will give a progress report on the regulatory issues surrounding small business financing. During the morning program, participants will be able to watch and listen to the presentations as well as ask questions of the panelists in Toronto.

9:00 a.m. **Welcoming Address**
Charlie F. Macfarlane, Executive Director, OSC

9:10 a.m. **Opening Remarks**
David A. Brown, Q.C., Chair of the OSC

9:30 a.m. **Executive Panel**
David Brown, Ontario Securities Commission; Dina Palozzi, Financial Services Commission of Ontario; Securities Market Participant and FSCO Participant

10:00 a.m. **Panel of Chairs**
Chairs of the Ontario, Alberta, British Columbia and Quebec Securities Commissions

11:00 a.m. **Market Regulation Update: Including ATS and the New Markets**
A discussion of the changes in the Canadian marketplace including the OSC and the reorganization of the Canadian exchanges and regulatory approaches to advances in electronic trading technology.

11:50 a.m. **Mutual Funds: The Launch of the MFDA**
An update on the launch of the Mutual Funds Dealers Association and the issues surrounding the question of distribution structures for the mutual fund dealer.

12:30 p.m. **Lunch and Luncheon Address**
Dr. Sherry Cooper, Chief Economist, Nesbitt Burns

2:00 p.m. **Live Panel in Ottawa**
Small Business Financing - A Progress Report
This panel will provide a progress report on the regulatory issues surrounding small business financing.

3:00 p.m. **Closing Remarks**

DIALOGUE WITH THE OSC • REGISTRATION FORM

Registration Fee: $300 (after September 11, 2000)
Earlybird Fee: $250 (before September 11, 2000)

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An invoice for the registration fee will follow in the mail.

Please Place your Business Card Here

For a Detailed Program or Further Information:
Call (416) 593-7352 or visit our website at www.osc.gov.on.ca

Tuesday, October 31, 2000 • Ottawa

DIALOGUE WITH THE OSC - SUDBURY

Preliminary Agenda & Early Registration

All morning sessions and the Luncheon Address will be broadcast from Toronto to Sudbury by satellite link followed by a live panel entitled, **Mining Regulations - After the Mining Standards Task Force Report**. This panel will look at the effect of the report on the mining industry. During the morning program, participants will be able to watch and listen to the presentations as well as ask questions of the panelists in Toronto.

9:00 a.m. **Welcoming Address**
Charlie F. Macfarlane, Executive Director, OSC

9:10 a.m. **Opening Remarks**
David A. Brown, Q.C., Chair of the OSC

9:30 a.m. **Executive Panel**
David Brown, Ontario Securities Commission; Dina Palozzi, Financial Services Commission of Ontario; Securities Market Participant and FSCO Participant

10:00 a.m. **Panel of Chairs**
Chairs of the Ontario, Alberta, British Columbia and Quebec Securities Commissions

11:00 a.m. **Market Regulation Update: Including ATS and the New Markets**
A discussion of the changes in the Canadian marketplace including the OSC and the reorganization of the Canadian exchanges and regulatory approaches to advances in electronic trading technology.

11:50 a.m. **Mutual Funds: The Launch of the MFDA**
An update on the launch of the Mutual Funds Dealers Association and the issues surrounding the question of distribution structures for the mutual fund dealer.

12:30 p.m. **Lunch and Luncheon Address**
Dr. Sherry Cooper, Chief Economist, Nesbitt Burns

2:00 p.m. **Live Panel in Sudbury**
Mining Regulations - After the Mining Standards Task Force Report
Deborah McCombe, Senior Mining Consultant, OSC
This panel will look at what the Mining Standards Task Force Report means to the mining industry.

3:00 p.m. **Closing Remarks**

DIALOGUE WITH THE OSC • REGISTRATION FORM

Registration Fee: $300 (after September 11, 2000)
Earlybird Fee: $250 (before September 11, 2000)

To register, please attach your business card to this form and Fax to: "Dialogue with the OSC" at (416) 593-0249
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Tuesday, October 31, 2000 • Sudbury

1.1.3 Notice of Commission Approval of Memorandum of Understanding with the Alberta Securities Commission and the British Columbia Securities Commission

Notice of Commission Approval of Memorandum of Understanding with the Alberta Securities Commission and the British Columbia Securities Commission

On September 18, 2000, the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission approved a Memorandum of Understanding ("MOU") setting out the terms of oversight of the Canadian Venture Exchange. The MOU was published on September 1, 2000 at (2000) 23 OSCB 6066.

The MOU is subject to the approval of the Minister of Finance. The MOU was sent to the Minister on September 22, 2000.

MEMORANDUM OF UNDERSTANDING REGARDING THE OVERSIGHT OF THE CANADIAN VENTURE EXCHANGE INC. BY THE ALBERTA SECURITIES COMMISSION AND BRITISH COLUMBIA SECURITIES COMMISSION

BETWEEN:

ALBERTA SECURITIES COMMISSION
(the "ASC")

- and -

BRITISH COLUMBIA SECURITIES COMMISSION
(the "BCSC")

- and -

ONTARIO SECURITIES COMMISSION
(the "OSC")

The parties agree as follows:

1. Underlying Principles

1.1 The ASC and BCSC are the lead regulators (the "Lead Regulators") in connection with the oversight of the Canadian Venture Exchange Inc. ("CDNX") in accordance with the division of duties outlined in Appendix "A".

1.2 The OSC has exempted or will exempt CDNX from recognition as a stock exchange in Ontario on the basis that:

1.2.1 CDNX is and will continue to be recognized as an exchange by the Lead Regulators;

1.2.2 the Lead Regulators are responsible for conducting the regulatory oversight of CDNX; and

1.2.3 the OSC will be informed of the oversight activities of the Lead Regulators and will be provided with opportunities to raise issues concerning the oversight of CDNX with the Lead Regulators in accordance with this Memorandum of Understanding (the "MOU").

1.3 The parties will act in good faith in the resolution of issues raised by any of the parties in connection with the oversight of CDNX by the Lead Regulators.

1.4 The Lead Regulators are responsible for conducting an oversight program of CDNX which will include the matters described in Part 2 (the "Oversight Program")[1]

[1] The matters outlined in the Oversight Program are intended to prescribe a minimum level of oversight. The Lead Regulator may conduct additional review procedures. The purpose of specifying the Oversight Program is to ensure that each participant in the CDNX Oversight Protocol is comfortable that there is acceptable

1.5 The purpose of the Oversight Program is to ensure that CDNX meets appropriate standards for market operation and regulation. Those standards include:

1.5.1 fair access to issuers and market participants;

1.5.2 fair representation in corporate governance and rule making;

1.5.3 systems and financial capacity to carry out its regulatory functions;

1.5.4 orderly markets through appropriate review of products to be traded and trading rules;

1.5.5 appropriate listed company regulation;

1.5.6 transparency through timely access to relevant information on traded products and market prices;

1.5.7 market integrity through prohibition of unfair trading practices;

1.5.8 proper identification and management of risks, including financial condition of operation and standards for market participants; and

1.5.9 integration with effective clearing and settlement systems.

1.6 The OSC acknowledges that the Lead Regulators may enter into a Memorandum of Understanding substantially similar to this MOU with the securities commission of any other jurisdiction where CDNX opens an office.

1.7 The Lead Regulators intend to enter into a Memorandum of Understanding with the Manitoba Securities Commission ("MSC") regarding the oversight of CDNX by the Lead Regulators (the "MSC MOU") in substantially the same form as this MOU.

2. Oversight Program

2.1 The Lead Regulators will establish and conduct the Oversight Program, which will include, at a minimum, the following:

2.1.1 review of information filed by CDNX on critical financial and operational matters and significant changes to operations, including information related to:

a) affiliated entities;
b) operation of CDNX systems/technological capacity;
c) financial statements;
d) membership and access requirements and forms;
e) corporate finance policies, including listing and filing requirements; and
f) corporate governance, including board and committee composition, structure, mandate and function;

2.1.2 review and approval of changes to CDNX by-laws, rules, policies and other regulatory instruments in accordance with the procedures established by the Lead Regulators for the review of such instruments in effect from time to time. The current procedures are set out in letters dated November 26, 1999 and February 24, 2000; and

2.1.3 periodic examination of CDNX functions, including:

a) corporate finance policies: policies relating to minimum listing requirements, listing or tier maintenance requirements, sponsorship and continuous disclosure;
b) trading halts, suspensions and delisting procedures;
c) surveillance and enforcement: procedures for detection of non-compliance and resolution of outstanding issues;
d) access: requirements for access to trade through the facilities of CDNX;
e) information transparency: procedures for the dissemination of market information;
f) corporate governance: corporate governance procedures, including policy and rule making process; and
g) risk management and computer systems.

2.2 The Lead Regulators will retain sole discretion regarding the manner in which the Oversight Program is carried out, including, but not limited to, determining the order and timing of their examinations of CDNX functions under section 2.1. However, the Lead Regulators will perform the examinations of CDNX functions under section 2.1.3 at least once every three years. The Lead Regulators will provide to the OSC a copy of the report of the examination performed in accordance with section 2.1.3 and any responses of CDNX to the report.

3. Involvement of the OSC

3.1 The Lead Regulators acknowledge that the OSC will require that CDNX provide to the OSC:

3.1.1 copies of all by-laws, rules, policies and other regulatory instruments that CDNX files for review and approval with the Lead Regulators, under the Lead Regulators' procedures referred to in section 2.1.2, at the same time that CDNX files those documents with the Lead Regulators;

3.1.2 copies of all final by-laws, rules, policies and other regulatory instruments once approved by the Lead Regulators in accordance with the procedures outlined in section 2.1.2; and

oversight of CDNX, which in turn justifies reliance on the Lead Regulator.

3.1.3 if requested by the OSC, copies of information filed by CDNX pursuant to section 2.1.1 as identified in the request.

3.2 Where the OSC advises the Lead Regulators that it has specific concerns regarding the operations of CDNX in Ontario and requests that the Lead Regulators perform an examination of CDNX in Ontario, the Lead Regulators may determine to conduct an examination of an office or offices of CDNX in Ontario or a function performed by a CDNX office located in Ontario. The OSC may, as part of its request, ask that the Lead Regulators include staff of the OSC in the Lead Regulators' examination.

3.3 If the Lead Regulators advise the OSC that they cannot or will not conduct the examination as referenced in section 3.2, the OSC may conduct such examination on behalf of the Lead Regulators without the participation of the Lead Regulators. In such cases, the OSC will provide copies of the results of the examination to the Lead Regulators.

3.4 The Lead Regulators will inform the OSC in writing of any material changes in how they perform their obligations under this MOU.

4. Information Sharing

4.1 The Lead Regulators will, upon written request from the OSC, provide or request CDNX to provide to the OSC any information in the possession of CDNX relating to members, shareholders and the market operations of CDNX, including, but not limited to, shareholder and participating organization lists, products, trading information and disciplinary decisions.

5. Oversight Committee

5.1 A committee will be established (the "Oversight Committee") which will act as a forum and venue for the discussion of issues, concerns and proposals related to the oversight of marketplaces by the parties.

5.2 The Oversight Committee will include staff representatives from each of the Lead Regulators and the OSC who have responsibility and/or expertise in the areas of exchange oversight and market regulation.

5.3 The Oversight Committee will meet at least once annually in person and will conduct conference calls at least quarterly.

5.4 At least quarterly the parties will provide to the Oversight Committee a summary report on their oversight of marketplaces regulated by them that will include a summary description of any material changes to their oversight program implemented during the period.

5.5 At least once annually the Oversight Committee will provide to the Canadian Securities Administrators (the "CSA") a written report of the oversight activities of the committee members during the previous period.

5.6 The OSC acknowledges that, since the Lead Regulators intend to enter into the MSC MOU and may enter into another Memorandum of Understanding substantially similar to this MOU with the securities commissions of any other jurisdiction where CDNX opens an office under section 1.6, the Oversight Committee will include staff representatives from the MSC and the relevant securities commission and those representatives will participate in the work of the Oversight Committee on the same basis as the staff representatives from the OSC.

6. Waiver and Non-Performance

6.1 The terms, conditions and procedures of this MOU may be varied or waived by mutual agreement of the staff of the parties. A waiver or variation may be specific or general and may be for a time or for all times as mutually agreed by staff of the parties.

6.2 If a party believes that another party is not performing satisfactorily its obligations under this MOU, it may give written notice to the other party stating that belief and accompanied by particulars in reasonable detail of the alleged failure to perform. If the party receiving the notice has not satisfied the notifying party within two months of the delivery of the notice either that its performance is satisfactory or that it has taken or will take acceptable steps to rectify its performance, the notifying party may by written notice to the other parties terminate this MOU on a date not less than six months following delivery of such notice. In that case the notifying party will send to CDNX a copy of its notice of termination at the same time that it sends such notice to the other party.

6.3 For the purposes of this Part, the Lead Regulators will be considered to be one party.

7. Effective Date

7.1 This MOU comes into effect on the date it is approved by the Minister of Finance in Ontario pursuant to section 143.10 of the Ontario Securities Act.

ALBERTA SECURITIES COMMISSION
Per: "Stephen Sibold", Chair

Date: September 18, 2000

ONTARIO SECURITIES COMMISSION
Per: "David A. Brown", Chair

Date: September 18, 2000

BRITISH COLUMBIA SECURITIES COMMISSION
Per: "Douglas M. Hyndman", Chair

Date: September 18, 2000

1.1.4 Toronto Stock Exchange - Amendments to Rule 4-104(2)(a) of The Toronto Stock Exchange Inc. Proprietary Electronic Trading Systems Notice of Commission Approval

The Toronto Stock Exchange
Amendments to Rule 4-104(2)(a) of The Toronto Stock Exchange Inc.
Proprietary Electronic Trading Systems
Notice of Commission Approval

On September 5, 2000, the Commission approved the *Amendments to the Rules of The Toronto Stock Exchange Proprietary Electronic Trading Systems*. The Amendments proposed to permit a PET to trade any order that need not be exposed in the book or traded on the Exchange. The proposed rule amendments were initially published on June 16, 2000 at (2000) 23 OSCB 4315. Resulting from comments made by the OSC, editorial changes have been made to the rule. The changes are being republished in Chapter 13 of this Bulletin.

1.1.5 OSC Rule 35-502 - Non-Resident Advisers

OSC Rule 35-502 - Non-Resident Advisers

The Commission is publishing in today's Bulletin Rule 35-502: *Non-Resident Advisers* (the "Rule") and a Notice and Regulation respecting the Rule.

The Notice, Rule and Regulation are published in Chapter 5 of the Bulletin.

1.2 Notice of Hearings

1.2.1 Southwest Securities Inc. - ss. 127(1) and 127.1

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

AND

IN THE MATTER OF SOUTHWEST SECURITIES INC.

NOTICE OF HEARING (Subsections 127(1) and 127.1)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsections 127(1) and 127.1 of the *Securities Act,* R.S.O. 1990, c. S.5, as amended (the "Act") at the Commission offices, 20 Queen Street West, 17th Floor, in the Hearing Room, Toronto, Ontario commencing on the 23rd day of October, 2000 at 10:00 a.m. or as soon thereafter as the hearing can be held:

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

(i) that trading in securities by Southwest Securities Inc. cease permanently or for such other period as specified by the Commission;

(ii) that Southwest Securities Inc. be reprimanded;

(iii) that Southwest Securities Inc. pay costs to the Commission; and/or

(iv) such other order as the Commission considers appropriate.

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

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

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the 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.

September 15th, 2000.

"John Stevenson"

1.2.2 Southwest Securities Inc. - Statement of Allegations

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

AND

IN THE MATTER OF SOUTHWEST SECURITIES INC.

STATEMENT OF ALLEGATIONS OF STAFF OF THE ONTARIO SECURITIES COMMISSION

Introduction

1. The respondent Southwest Securities Inc. ("Southwest") is a corporation whose head office is located in Dallas, Texas. Southwest has no offices in Ontario.

2. Southwest is a member of the New York Stock Exchange ("the NYSE") and the National Association of Securities Dealers ("NASD"). Southwest's primary business is to provide securities transaction processing services to broker-dealers in the United States, Canada, Europe and countries in the Pacific Rim.

3. The allegations set out in this Statement of Allegations arise principally as a result of a contractual arrangement (more particularly described below) between Southwest and Swift Trade Securities Inc. ("Swift Trade"), and as a result of contractual relationships between Southwest and customers of Swift Trade ("the Swift Trade Customers").

4. Pursuant to that contractual arrangement, Southwest is, on an ongoing basis, engaging in activity that requires registration under section 25 of the *Securities Act* ("the Act"). However, Southwest is not registered with the Ontario Securities Commission ("the Commission"). Southwest is therefore contravening Ontario securities law and is acting contrary to the public interest.

Swift Trade

5. Swift Trade is registered with the Commission as a securities dealer. Swift Trade is also registered with the NASD as an introducing broker-dealer.

6. Swift Trade provides electronic day trading services to the Swift Trade Customers. The trades of Swift Trade Customers are routed electronically to the electronic trade execution facilities of the NYSE and NASDAQ.

7. On October 25, 1999, Swift Trade executed a Fully Disclosed Clearing Agreement ("the Clearing Agreement") with Southwest. Pursuant to the Clearing Agreement, Swift Trade is an "introducing broker". Southwest is the "carrying broker" for the Swift Trade Customers.

8. Swift Trade's activities are strictly limited by requirements applicable to its registration status with the NASD. Swift Trade:

(a) is not permitted to receive or hold client funds;

(b) is not permitted to receive or hold client securities;

(c) is not permitted to owe funds or securities to customers;

(d) is required to clear all transactions for customers on a fully disclosed basis through a carrying broker;

(e) is required to rely on a carrying broker to carry the accounts of its customers; and

(f) is required to rely on a carrying broker to maintain and preserve books and records pertaining to the customer accounts.

9. Swift Trade has certified that it complies with the restrictions set out in paragraph 8 above. Swift Trade:

(a) does not receive or hold client funds;

(b) does not receive or hold client securities;

(c) does not owe funds or securities to customers;

(d) clears all transactions for customers on a fully disclosed basis through Southwest;

(e) relies on Southwest to carry the accounts of the Swift Trade Customers; and

(f) relies on Southwest to maintain and preserve books and records pertaining to Swift Trade's customer accounts.

Southwest's Status and Activities

10. Southwest carries on activities that require registration under the Act. In particular, Southwest:

(a) receives and holds client funds;

(b) receives and holds client securities;

(c) carries client accounts on a fully disclosed basis;

(d) maintains and preserves books and records pertaining to the client accounts;

(e) provides margin loans to clients; and

(f) clears client transactions.

Handling of Client Funds

11. All cheques written by Swift Trade Customers and depositing funds into trading accounts are payable to Southwest (not to Swift Trade).

Handling of Client Securities

12. Southwest handles client securities and has control over client securities and funds.

Carrying of Client Accounts

13. The Swift Trade Customers open accounts by executing a Margin and Short Account Customer Agreement ("the Margin Agreement") furnished by Southwest. The Swift Trade Customers' accounts are the responsibility of Southwest.

Books and Records Pertaining to Client Accounts

14. Pursuant to the Clearing Agreement, Southwest is responsible for maintaining the books and records relating to the Swift Trade Customers. Client statements are issued by Southwest.

Margin Lending

15. Pursuant to the Margin Agreements furnished by Southwest to the Swift Trade Customers, those customers are permitted to borrow money on marginable securities using credit extended by Southwest. The Swift Trade Customers are required to pay interest to Southwest on the amount advanced on all margin purchases or short sales.

16. Southwest holds the securities purchased on margin as collateral for the debt of the Swift Trade Customers.

17. The Margin Agreements contain loan terms and provisions enabling Southwest to pledge or lend securities carried for the account of the Swift Trade Customers.

Registration Requirement

18. Subsection 1(1) of the Act provides that "trade" or "trading" means:

(a) any sale or disposition of a security for valuable consideration, whether the terms of payment be on margin, instalment or otherwise, but does not include a purchase of a security or, except as provided in clause (d), a transfer, pledge or encumbrance of securities for the purpose of giving collateral for a debt made in good faith,

(b) any participation as a trader in any transaction in a security through the facilities of any stock exchange or quotation and trade reporting system,

(c) any receipt by a registrant of any order to buy or sell a security,

(d) any transfer, pledge or encumbrancing of securities of an issuer from the holdings of any person or company or combination of persons or companies described in clause (c) of the definition of "distribution" for the purpose of giving collateral for a debt made in good faith,

and

(e) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any of the foregoing.

19. By virtue of its activities, Southwest carries on the business of trading securities in Ontario. Section 25 (1) of the Act provides in part as follows:

(1) **Registration for trading** - No person or company shall,

(a) trade in a security or act as an underwriter unless the person or company is registered as a dealer, or is registered as a salesperson or as a partner or as an officer of a registered dealer and is acting on behalf of the dealer ...

and the registration has been made in accordance with Ontario securities law and the person or company has received written notice of the registration from the Director and, where the registration is subject to terms and conditions, the person or company complies with such terms and conditions.

20. Southwest's activities are distinct from, and beyond, mere administrative support that would not attract the registration requirement in the Act. Southwest is therefore contravening section 25 of the Act.

21. By failing to be registered with the Commission, Southwest is not only committing an offence under Ontario securities law, but is also depriving the Swift Trade Customers of the protections associated with registration, and is purporting to deprive the Commission of the ability to regulate Southwest's affairs for the protection of the Ontario capital markets and in particular Ontario investors.

22. It is in the public interest for the Commission to make an order against Southwest as a result of its conduct set out above.

23. Such additional allegations as Staff may make and as the Commission may permit.

DATED this 15th day of September, 2000.

1.3 News Releases

1.3.1 Southwest Securities Inc.

September 15, 2000

SOUTHWEST SECURITIES INC.

Toronto - The Ontario Securities Commission (the "Commission") announced today that it has issued a Notice of Hearing and Statement of Allegations against Southwest Securities Inc. ("Southwest").

Southwest is a Texas corporation that is a member of the New York Stock Exchange and the National Association of Securities Dealers. Southwest provides securities transaction processing services to dealers around the world, including to Swift Trade Securities Inc., an Ontario securities dealer.

Staff of the Commission allege that Southwest, which is not registered with the Commission, is engaging in activity that requires registration under Ontario securities law. Staff are seeking an order prohibiting Southwest from trading in securities in Ontario.

The hearing of this matter is scheduled for a first appearance on October 23, 2000, at 10:00 a.m., in the main hearing room of the Commission located on the 17th Floor, 20 Queen Street West, Toronto, Ontario. The purpose of the hearing on October 23, 2000 is to schedule a date for the hearing.

Copies of the Notice of Hearing and Statement of Allegations are available at www.osc.gov.on.ca or from the Commission, 19th Floor, 20 Queen Street West, Toronto, Ontario.

References:

Frank Switzer
Director, Communications
(416) 593-8120

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

1.3.2 OSC Proposal Will Make It Easier For Small Business To Raise Capital

September 19, 2000

OSC Proposal Will Make It Easier For Small Business To Raise Capital

Toronto - The Ontario Securities Commission is taking significant steps to revamp and streamline its regulations to make it easier for small and medium-sized businesses (SMEs) to do private placements. A proposed rule and companion policy have been published that, if implemented, will provide increased access to exempt market capital by SMEs while maintaining the appropriate level of protection for investors.

The proposed rule introduces three new exemptions, which replace some of the current exemptions and would allow SMEs to raise capital without a prospectus:

- **The Closely-Held Issuer Exemption**: This exemption would permit issuers to raise a total of $3 million, through any number of financings, from up to 35 investors. In addition, there is no restriction on the number of the issuer's employees who would be able to acquire securities under a compensation or incentive plan.

  To ensure that the investor understands the risks associated with an investment in a small business, any closely-held issuer with more than 5 shareholders would provide potential investors with a standard information statement. The information statement would also contain a list of questions that a small business investor might want to ask before making an investment decision.

- **The Family Member Exemption**: This exemption would permit issuers to issue securities on an exempt basis to spouses, parents, grandparents or children of its officers, directors and promoters.

- **The Accredited Investor Exemption**: This exemption would permit issuers to raise any amount at any time from any person or company that meets certain criteria, e.g., an individual with financial assets valued at $1million (which includes cash, securities and bank deposits) or annual income of $200,000 . Investors with this minimum net worth/income are considered to have the capacity to obtain and analyze the information needed to assess a particular investment opportunity without the assistance provided by a prospectus and also have the financial ability to withstand the loss of the investment.

"The purpose of the new exemptions is to create an approach to private market regulation that is more consistent with the needs of the exempt market and its investors. The new regime will provide a more rational basis for exempt financing than the current exemptions," indicated Corporate Finance Manager Margo Paul. "The OSC believes that the proposed regime represents a significant improvement over existing exempt market regulation."

Currently, the most common avenue for exempt market financing is the "$150,000 exemption". This exemption allows an issuer to sell securities without a prospectus so long as the purchaser buys at least $150,000 worth of the securities.

"Experience demonstrates that a minimum investment requirement does not provide a good proxy for investor sophistication," Ms Paul said. "The existing $150,000 exemption can also increase investment risk because it may force the investor to make a larger investment than he/she would consider prudent."

The proposed rule is based on the final Report of the Task Force on Small Business Financing published in 1996, the OSC Concept Paper "Revamping the Regulation of the Exempt Market" published in 1999 and extensive consultations with small businesses and their investors and advisers.

"We listened to the small business community and we believe we have developed an effective, streamlined regime that will make it easier for small and medium-sized businesses to raise capital without compromising investor protection," Ms Paul said.

For more information, proposed Rule 45-501 Exempt Distribution (Revised) and Companion Policy 45-501CP (Revised) and the related Notice are available on the OSC website at www.osc.gov.on.ca. Submissions on the proposal should be made to the attention of the Secretary of the Commission and be received by December 8, 2000.

Reference:

Frank Switzer
Director, Communications Branch
(416) 593-8120

Margo Paul
Manager, Corporate Finance Branch
(416) 593-8136

1.3.3 Patrick Joseph Kinlin

September 21, 2000

RE: PATRICK JOSEPH KINLIN

Toronto - The Ontario Securities Commission has released its Decision and Reasons in the matter of Patrick Joseph Kinlin.

Copies of the Decision and Reasons are available at www.osc.gov.on.ca or from the Commission mailroom, 19th Floor, 20 Queen Street West, Toronto, Ontario.

Reference:

Rowena McDougall
Senior Communications Officer
(416) 593-8117

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Amcan Consolidated Technologies Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer has only one security holder - issuer deemed to have ceased being a reporting issuer.

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF AMCAN CONSOLIDATED TECHNOLOGIES CORP.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Amcan Consolidated Technologies Corp. (the "Filer") for a decision under the securities legislation of each of the Jurisdictions (the "Legislation") that the Filer be deemed to have ceased to be a reporting issuer or its equivalent under the Legislation;

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

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

1. The Filer was originally formed under the *Business Corporations Act* (Ontario) (the "OBCA") by certificate and articles of arrangement dated March 28, 2000 under the name Castings Acquisition Corp. ("Castings I"). As a result of the arrangement under section 182 of the OBCA (the "Arrangement") on March 28, 2000, Castings acquired, among other corporations, Tritech Precision Inc. ("Tritech"), a reporting issuer, or the equivalent thereof, in each of the provinces of Canada and Trimin Enterprises Inc. ("Trimin"), a reporting issuer in British Columbia, Saskatchewan, Ontario, Quebec and Nova Scotia. Then the companies were amalgamated and continued as Castings Acquisition Corp. ("Castings II"). On June 15, 2000, Castings II amalgamated with 3041767 Nova Scotia Company, a Nova Scotia unlimited liability corporation, and the amalgamated entity continued under the name Amcan Consolidated Technologies Corp..

2. As a result of the Arrangement, the Filer became a reporting issuer under the Legislation. The Filer's head office is located in Hamilton, Ontario.

3. The authorized capital of the Filer consists of an unlimited number of common shares, of which 101 common shares (the "shares") are currently issued and outstanding. All of the issued and outstanding shares are owned by TPI Participations S.à r.l.

4. The Filer has issued a promissory note (the "Note") to TPI Participations S.à r.l.. There is no market for the Note nor is the Note convertible into common shares of the Filer. Other than the Shares and the Note, the Filer does not have any other outstanding securities.

5. The common shares of Tritech and the Class A common shares of Trimin were delisted from The Toronto Stock Exchange as at the close of business on April 5, 2000. The Filer does not have any of its securities listed on any exchange or organized market.

6. The Filer is not in default of any requirements under the Legislation.

7. The Filer does not intend to seek public financing by way of an offer of securities.

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

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

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

August 29th, 2000.

"John Hughes"

2.1.2 Anderson Oil & Gas Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Decision deeming a corporation to have ceased to be a reporting issuer following the acquisition of all of its outstanding securities by another issuer.

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended, s. 125

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

AND

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

AND

IN THE MATTER OF
ANDERSON OIL & GAS INC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Ontario, Québec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Anderson Oil &Gas Inc. ("AOG") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that AOG be deemed to have ceased to be a reporting issuer, or the equivalent thereof, under the Legislation;

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

3. AND WHEREAS AOG has represented to the Decision Makers that:

   3.1 pursuant to an offer to purchase dated April 25, 2000 (the "Offer") and a subsequent compulsory acquisition under the provisions of the *Business Corporations Act* (Alberta), Anderson Exploration Ltd. ("Anderson") became the holder of all of the issued and outstanding common shares (the "Shares") and associated rights of Ulster Petroleums Ltd. ("Ulster");

   3.2 On June 30, 2000, Anderson transferred all of the issued and outstanding common shares of Ulster to its wholly-owned subsidiary, Anderson Oil & Gas Inc.;

   3.3 On July 1, 2000, Ulster was amalgamated with Anderson Oil & Gas Inc. and the name of of the

amalgamated corporation is AOG, as previously defined;

3.4 AOG's principal place of business is located at Suite 1600, 324 - 8 Ave. S.W., Calgary, Alberta, T2P 2Z5;

3.5 AOG is a reporting issuer, or the equivalent thereof, in each of the Jurisdictions;

3.6 AOG is not in default of any of its obligations as a reporting issuer, or the equivalent thereof, under the Legislation;

3.7 the authorized capital of AOG consists of an unlimited number of common shares (the "Common Shares") and one special redeemable preferred share of which 50,546,561 Common Shares and one special redeemable preferred share are issued and outstanding as of July 31, 2000;

3.8 Anderson owns all of the issued and outstanding Common Shares and Amax Petroleum of Canada Inc., a wholly-owned subsidiary of Anderson, owns the one issued and outstanding special redeemable preferred share;

3.9 the only other securities, including debt securities, of AOG currently issued and outstanding are U.S. $75,000,000 principal amount of senior notes which are held by several U.S. insurance companies;

3.10 the common shares of Ulster were delisted from The Toronto Stock Exchange on May 24, 2000, and there are no securities of Ulster or AOG listed on any stock exchange or traded over the counter in Canada or elsewhere; and

3.11 AOG does not intend to seek public financing by way of an offering of securities;

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

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

6. THE DECISION of the Decision Makers under the Legislation is that AOG is deemed to have ceased to be a reporting issuer, or the equivalent thereof, under the Legislation effective as of the date of this Decision Document.

DATED at Calgary, Alberta this 1st day of September, 2000.

"Original signed by"
Patricia M. Johnston
Director, Legal Services and Policy Development

2.1.3 First V Shares Inc. - MRRS Decision

Headnote

Section 83 of the Ontario Securities Act - Reporting issuer with one security holder deemed to have ceased to be a reporting issuer.

Ontario Statutes Cited

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

IN THE MATTER OF
THE CANADIAN SECURITIES LEGISLATION
OF THE PROVINCES OF ALBERTA,
ONTARIO, AND NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF
FIRST V SHARES INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Alberta, Ontario and Newfoundland (the "Jurisdictions") has received an application from First V Shares Inc. (the "Filer") for a decision under the securities legislation of each of the Jurisdictions (the "Legislation") that the Filer be deemed to have ceased to be a reporting issuer or its equivalent under the Legislation;

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

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

1. The Filer is a corporation existing under the laws of the Province of Ontario. The head office of the Filer is located in Toronto, Ontario.

2. The Filer is authorized to issue an unlimited number of common shares and an unlimited number of Class 1 Shares, of which one hundred common shares and no Class 1 shares are issued and outstanding as of July 25, 2000.

3. The Filer is a reporting issuer under the Legislation and not in default of any requirement of the Legislation.

4. The Filer was constituted by National Bank Financial Corp. in order to hold Varity Corporation Combined Class I preferred stock.

5. On October 27, 1993, Varity Corporation redeemed its Class I shares at the price of U.S. $20 per share. As a result of the redemption, the Filer terminated its operations.

5. The Filer has no securities outstanding other than the common shares held by its sole shareholder, National Bank Financial Corp..

6. The Filer does not have any of its securities listed or quoted on any stock exchange or organized market.

7. The Filer does not intend to seek public financing by way of an issue of securities.

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

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

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

August 28th, 2000.

"John Hughes"

2.1.4 Future Shop Ltd. - Variation of MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - variation of decision document dated November 22, 1999 to provide that the first trade in securities of the issuer acquired on the exchange of interests in a limited partnership shall be permitted 4 months following their acquisition instead of 12 months as specified in the original decision document.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 53, 144.

Applicable Ontario Rules

Rule 45-501 Exempt Distributions (1998) 21 O.S.C.B. 6548.

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

AND

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

AND

IN THE MATTER OF FUTURE SHOP LTD.

VARIATION OF MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Manitoba, Saskatchewan, Ontario, Quebec, New Brunswick, Nova Scotia, Newfoundland and Prince Edward Island (the "Jurisdictions") issued a decision (the "Original Decision") on November 22, 1999 under the securities legislation of the Jurisdictions (the "Legislation") exempting trades in certain securities by Future Shop Ltd. ("Future Shop") and the limited partners (the "Partners") of futureshop.com lp (the "Partnership") from the registration and prospectus requirements and the take-over bid rules in the Legislation;

AND WHEREAS Future Shop has applied to the Decision Makers for a decision under the Legislation varying the Original Decision;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Executive Director of the British Columbia Securities Commission is the principal regulator for this application;

AND WHEREAS Future Shop has represented to the Decision Makers that:

1. the Original Decision related to a proposed offering (the "Offering") of up to 2,000,000 Units to purchasers resident in the Jurisdictions, generating gross proceeds to the Partnership of $20,000,000;

2. 730,500 Units were distributed in the Offering, generating gross proceeds to the Partnership of $7,305,000; as a result of the shortfall in the Offering, the Partnership proposes to undertake a second offering (the "Second Offering") of up to 1,500,000 Units, generating gross proceeds to the Partnership of up to $15,000,000;

3. the Call Options (as defined in the Original Decision) granted as part of the Offering were exerciseable, at the sole option of Future Shop, to acquire all, but not less than all, of the Units then outstanding at any time during the period commencing on January 1, 2001 and ending April 15, 2001 (the "First Call Period") or during the period commencing on January 1, 2002 and ending on April 15, 2002 (the "Second Call Period") or in certain other limited circumstances; the consideration payable on the exercise of the Call Options included a number of Future Shop common shares (the "Exchanged Shares") determined by reference to the "current market price" of Future Shop's common shares, subject to a deemed maximum and minimum price of $18.00 and $6.00, respectively;

4. due to market conditions (namely, a substantial increase in the trading price of Future Shop's common shares on The Toronto Stock Exchange), the Call Options to be granted by Partners who purchase under the Second Offering will be on different pricing terms from those granted by the Partners in the Offering; in the Second Offering, Future Shop will be entitled to exercise the Call Option by either, in its sole discretion, a cash payment of $10 per Unit or issuance of Exchanged Shares determined in accordance with the formula set out in the Original Decision, but with an increase in the deemed maximum current market price of Future Shop's common shares from $18.00 to $30.00; as a result of these changes to the Call Option, paragraph 16 of the representations to the Original Decision does not accurately describe the exercise of the Call Options insofar as it applies to the mechanics for exercise of the Call Options to be granted pursuant to the Second Offering;

5. the Original Decision further provided that the first trade in Exchanged Shares acquired by the Partners on the exercise of the Call Options will be deemed to be a distribution or subject to the registration and prospectus requirements of the Legislation unless a twelve month period had elapsed from the date of issue of the Call Options; because the Partnership intends to retain the timing of the First Call Period and Second Call Period in the Second Offering and because the First Call Period is now closer in time, to the extent that Future Shop elects to exercise the Call Options during the First Call Period, Partners who purchase Units under the Second Offering will not be able to rely on the Original Decision to obtain free trading Exchanged Shares upon such exercise;

6. Future Shop has filed an annual information form under Blanket Order #98/7 of the British Columbia Securities Commission entitled "In the Matter of the System for Shorter Hold Periods with an Annual Information Form" and under Alberta Rule 45-501 entitled "System for Shorter Hold Period for Issuers Filing an AIF", each which allows for a four month hold period instead of a twelve month hold period, provided that an issuer distributing the securities is a "qualifying issuer" under, and otherwise complies with the terms of BOR #98/7 and Rule 45-501, as applicable;

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

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

THE DECISION of the Decision Makers under the Legislation is that the Original Decision be varied as follows:

1. deleting the number "12" in paragraph 3(a) of the recitals and in paragraph 3(a) of the operative portion of the Original Decision and replacing it with the number "4";

2. inserting the words "and Manitoba" after Quebec in paragraph 3(a) of the recitals and in paragraph 3(a) of the operative portion of the Original Decision;

3. inserting the following new condition (b) in paragraph 3 of the recitals and in paragraph 3 of the operative portion of the Original Decision:

   "at the date of the distribution of the Call Option, Future Shop (i) complies with BOR #98/7 and Rule 45-501, except for the condition requiring Future Shop to distribute a security of its own issue and, (ii) signs certificates as required under BOR #98/7 and Rule 45-501, including that Future Shop is a "qualifying issuer" as defined in BOR #98/7 and Rule 45-501, provided that such certificates need not state that the Call Option is a security of Future Shop's own issue;"

4. renumbering (b) to (f) in paragraph 3 of the recitals and paragraph 3 of the operative portion of the Original Decision accordingly; and

5. deleting paragraph 16 of the representations to the Original Decision in its entirety and replacing it with the following:

   "16. the purchase price payable for the Units upon the exercise of the Call Option by Future Shop will be as follows:

   (a) if the Call Option is exercised during the First Call Period, that number of freely-tradeable common shares of Future Shop (the "Exchanged Shares") determined by dividing $9.50 by the "current market price" of Future Shop's common shares, with "current market price" being

calculated as 95% of the weighted average trading price of Future Shop's common shares on the TSE for the 20 consecutive trading days ending five trading days before the date fixed for completion under the Call Option, subject to certain deemed maximum and minimum values or, at the sole option of Future Shop, a cash payment of $10.00 and, in either case, together with one Discount Right (as defined below) per Unit;

(b) if the Call Option is exercised during the Second Call Period, the Exchanged Shares or cash payment and Discount Rights as calculated in clause 16(a) together with a cash payment per Unit of the greater of (i) $49.00 per Unit and (ii) eight times the gross revenues per Unit for the 12 month period ending December 31, 2001, less $9.50, divided by the number of Units then outstanding; and

(c) if the Call Option is exercised during an Accelerated Call Period which occurs (i) prior to the commencement of the First Call Period, $12.00 per Unit, or (ii) after the expiry of the First Call Period but before the commencement of the Second Call Period, $54.00 per Unit, less any unpaid amount on the subscription price for such Units."

with the result that the Original Decision as varied by this Decision will be in the form attached as Schedule "A".

August 16th, 2000.

"Brenda Leong"

2.1.5 ICM Balanced Fund, ICM Equity Fund and Integra Capital Financial Corporation - MRRS Decision

Headnote

Investment by Top Funds in securities of Underlying Funds under common management for specified purpose exempted from the reporting requirements and self-dealing prohibitions of clauses 111(2)(b), 111(3) and clauses 117(1)(a) and (d). Percentage of Top Funds' assets invested in Underlying Funds limited to one-half of the foreign property limit under the ITA for registered plans.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c.S.5, as am., 111(2)(b), 111(3), 117(1)(a) and 117(1)(d).

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

AND

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

AND

IN THE MATTER OF
ICM BALANCED FUND
ICM EQUITY FUND

INTEGRA CAPITAL FINANCIAL CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Québec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Integra Capital Financial Corporation ("Integra"), as manager and trustee of the ICM Balanced Fund (the "Balanced Fund") and ICM Equity Fund (the "Equity Fund") (collectively referred to as the "Top Funds") for a decision by each Decision Maker (collectively, the "Decision") under the securities legislation of the Jurisdictions (the "Legislation") that the following provisions of the Legislation (the "Applicable Requirements") shall not apply to the Top Funds or Integra, as the case may be, in respect of certain investments to be made by the Balanced Fund and Equity Fund in each of the Integra Analytic U.S. Large Cap Equity Fund (the "Analytic Fund") and Integra EuroPacific Fund (the "EuroPacific Fund") (collectively referred to as the "Underlying Funds"):

(i) the provisions requiring the management company of a mutual fund to file a report relating to the purchase or sale of securities between the mutual fund and any related person or company, or any transaction in which, by arrangement other than an arrangement relating to

insider trading in portfolio securities, the mutual fund is a joint participant with one or more of its related persons or companies; and

(ii) the provisions prohibiting a mutual fund from knowingly making and 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.

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

AND WHEREAS Integra has represented to the Decision Makers as follows:

1. Integra is a corporation incorporated under the laws of Ontario and its registered office is located in Ontario. Integra is the manager and trustee of the Top Funds and the Underlying Funds (collectively, the "Funds").

2. The Funds are or are expected to be open-end mutual fund trusts established under the laws of Ontario, except for the EuroPacific Fund. It is currently intended that the only investors in the EuroPacific Fund will be Integra investment funds. The securities of the Funds are or will be qualified in all of the provinces of Canada (the "Prospectus Jurisdictions") pursuant to a prospectus and annual information form (in each case, together the "Prospectus").

3 Each of the Funds is a reporting issuer under the Legislation of each of the Prospectus Jurisdictions (other than those jurisdictions which do not recognize reporting issuers).

4. The Prospectus contains or will contain disclosure with respect to the investment objective, investment practices and restrictions of the Funds. As part of its investment practice, each Top Fund intends to invest in securities of the Underlying Funds.

5. As disclosed in the Prospectus, each Top Fund will invest a specified percentage (the "Target Weighting") of its assets in securities of each of the Underlying Funds, subject to a variation above or below such Target Weighting of not more than 2.5 percentage points to account for market fluctuations.

6. The aggregate investment by a Top Fund in Underlying Funds will not at any one time exceed one-half of the amount prescribed from time to time as the maximum permitted amount capable of being made as a foreign property investment under the *Income Tax Act* (Canada) for registered retirement savings plans, such aggregate investment not to exceed 15% (the "Permitted Aggregate Investment").

7. Except to the extent evidenced by this Decision Document and specific approvals granted by the securities regulatory authorities or regulators under National Instrument 81-102 ("NI 81-102"), the investments by the Top Funds in the Underlying Funds have been or will be structured to comply with the investment restrictions of the Legislation and NI 81-102.

8. In the absence of this Decision, a Top Fund is prohibited from knowingly making and holding an investment in an Underlying Fund in which the Top Fund alone or together with one or more related mutual funds, is a substantial securityholder.

9. In the absence of this Decision, Integra is required to file a report on every purchase or sale of securities of an Underlying Fund by a Top Fund.

10. A Top Fund's investment in or redemption of securities of an Underlying Fund represents the business judgment of responsible persons, uninfluenced by considerations other than the best interests of the Top Fund.

AND WHEREAS under the System this Decision Document evidences the decision of each Decision Maker;

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicable Requirements shall not apply to the Top Funds or Integra, as the case may be, in respect of the investments to be made by the Top Funds in securities of the Underlying Funds;

PROVIDED THAT IN RESPECT OF the investment by the Top Funds in securities of the Underlying Funds:

1. the Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with the matters in section 2.5 of National Instrument 81-102; and

2. the Decision shall apply only to investments in, or transactions with, the Underlying Funds that are made by a Top Fund in compliance with the following conditions:

(a) each of the Top Funds and the Underlying Funds are under common management and the securities of both are offered for sale in the jurisdiction of each Decision Maker, pursuant to a prospectus which has been filed with and accepted by the Decision Maker;

(b) the investment by a Top Fund in the Underlying Funds is compatible with the fundamental investment objectives of the Top Fund;

(c) each Top Fund's investment in the Underlying Funds may deviate above or below the Target Weightings by no more than 2.5% to account for market fluctuations (the "Permitted Percentage Deviation");

(d) the Prospectus discloses the intent of the Top Funds to invest in securities of the Underlying Funds, the names of the Underlying Funds, the Target Weightings and the Permitted Percentage Deviation;

(e) if at any time the investment of a Top Fund in the Underlying Funds exceeds (or declines below) the Permitted Percentage Deviation, Integra will make the necessary changes in the Top Fund's investment portfolio at its next valuation date in order to bring its investment in the Underlying Funds up or down to the Target Weighting;

(f) the Underlying Funds in which the Top Funds may invest and the Target Weightings, as disclosed in the Prospectus, will not be changed unless the Top Fund amends its Prospectus to reflect the proposed change or files a new prospectus reflecting such change, and the unitholders of the Top Fund are given at least 60 days' prior written notice of the proposed change;

(g) the Top Funds do not invest in Underlying Funds that invest in mutual funds;

(h) the Permitted Aggregate Investment may not be changed without regulatory approval, and this fact is disclosed in the Prospectus;

(i) except as permitted by this Decision, the Top Funds will not invest in any other mutual funds;

(j) no sales charges are payable by the Top Funds in relation to their purchases of securities of the Underlying Funds;

(k) there are compatible dates for the calculation of the net asset value of the Top Funds and the Underlying Funds for the purpose of issuing and redeeming securities of the Funds;

(l) no redemption fees or other charges are charged by the Underlying Funds in respect of the redemption by the Top Funds of securities of the Underlying Funds owned by the Top Funds;

(m) there will be no duplication of management fees as no management fees are charged to the Top Funds or Underlying Funds;

(n) no fees or charges of any sort are paid by the Funds, the manager or principal distributor of the Funds or by any affiliate or associate of any of the foregoing entities to anyone in respect of a Top Fund's purchase, holding or redemption of, the securities of the Underlying Funds;

(o) in the event of the provision of any notice to securityholders of an Underlying Fund as required by the applicable laws or the constating documents of the Underlying Fund, such notice will also be delivered to the securityholders of the Top Funds; all voting rights attached to the securities of an Underlying Fund that are owned by a Top Fund will be passed through to the securityholders of the Top Fund;

(p) in the event that a meeting of the securityholders of an Underlying Fund is called, all of the disclosure and notice material prepared in connection with such meeting will be provided to the securityholders of the Top Funds; and such securityholders will be entitled to direct a representative of the Top Fund to vote the Top Fund's holdings in the Underlying Fund in accordance with their direction; and the representative of the Top Fund will not be permitted to vote the Top Fund's holdings in the Underlying Fund except to the extent the securityholders of the Top Fund so direct;

(q) in addition to receiving the annual and, upon request, the semi-annual financial statements of the Top Funds, securityholders of a Top Fund will receive the annual and, upon request, the semi-annual financial statements of the Underlying Funds in either a combined report, containing both the Top Fund's and Underlying Funds' financial statements or in a separate report containing the Underlying Funds' financial statements; and

(r) to the extent that the Funds do not use a combined prospectus and annual information form and financial statements containing disclosure about the Top Funds and the Underlying Funds, copies of the simplified prospectus and annual information form and financial statements relating to the Underlying Funds may be obtained upon request by a securityholder of a Top Fund.

September 15th 2000.

"J. A. Geller" "Morley P. Carscallen"

2.1.6 IG Beutel Goodman Canadian Balanced Fund et al. - MRRS Decision

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

AND

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

AND

IN THE MATTER OF
IG BEUTEL GOODMAN CANADIAN BALANCED FUND
IG BEUTEL GOODMAN CANADIAN EQUITY FUND
IG BEUTEL GOODMAN CANADIAN SMALL CAP FUND
(the "IG Beutel Goodman Funds")

AND

IG SCEPTRE CANADIAN BALANCED FUND
IG SCEPTRE CANADIAN EQUITY FUND
IG SCEPTRE CANADIAN BOND FUND
(the "IG Sceptre Funds")

AND

GS CANADIAN EQUITY® FUND
GS CANADIAN BALANCED FUND
GS INTERNATIONAL BOND® FUND
GS AMERICAN EQUITY FUND
GS INTERNATIONAL EQUITY FUND
(the "Rothschild Select: Global Strategy Series Funds")

AND

IG AGF CANADIAN GROWTH FUND
IG AGF U.S. GROWTH FUND
IG AGF ASIAN GROWTH FUND
IG AGF CANADIAN DIVERSIFIED GROWTH FUND
IG SCUDDER U.S. ALLOCATION FUND
IG SCUDDER EMERGING MARKETS GROWTH FUND
IG SCUDDER CANADIAN ALL CAP FUND
IG SCUDDER EUROPEAN GROWTH FUND
IG MAXXUM INCOME FUND
IG MAXXUM DIVIDEND FUND
IG TEMPLETON WORLD BOND FUND
IG TEMPLETON WORLD ALLOCATION FUND
IG TEMPLETON INTERNATIONAL EQUITY FUND
(the "IG Partner Series Funds")

AND

INVESTORS REAL PROPERTY FUND

AND

INVESTORS U.S. GROWTH RSP FUND
INVESTORS EUROPEAN GROWTH RSP FUND
INVESTORS JAPANESE GROWTH RSP FUND
INVESTORS GLOBAL RSP FUND
(the "Investors 100% RSP Global Series Funds")
(individually, a "Fund" and collectively, the "Funds")

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Makers") in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland, Yukon Territory, Northwest Territories and Nunavut Territory (the "Jurisdictions") have received an application from Investors Group Trust Co. Ltd. (the "Filer") on behalf of the Funds for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the time limits prescribed by the Legislation as they apply to the distribution of units of the Funds pursuant to their respective 1999 Prospectuses (as defined below) be extended to the time periods that would be applicable if the lapse date for the distribution of such units pursuant to their Prospectuses was October 6, 2000;

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

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

1. The Funds are unincorporated mutual fund trusts established under the laws of Manitoba (or the laws of Ontario in the case of the Rothschild Select: Global Strategy Series Funds) pursuant to separate Declarations of Trust or Trust Agreements;
2. Each of the Funds is a reporting issuer within the meaning of the Legislation and none of the Funds is in default of any requirement of the Legislation;
3. The Funds are offered for sale in all the Jurisdictions under various simplified prospectuses and annual information forms (or a long-form prospectus in the case of Investors Real Property Fund) (together the "1999 Prospectuses") dated and filed with the Decision Makers, as follows:

Rothschild Select: Global Strategy Series Funds	May 21, 1999
Investors Real Property Fund	June 22, 1999
IG Beutel Goodman Funds	July 12, 1999
IG Sceptre Funds	July 12, 1999
IG Partner Series Funds	August 12, 1999
Investors 100% RSP Global Series Funds	September 3, 1999

4. On May 18, 2000, the MSC issued an MRRS Decision Document evidencing a decision of each of the Decision Makers which extended the lapse dates for the 1999 Prospectuses (the "Lapse Dates") to August 14,

2000, other than in the case of the Investors 100% RSP Global Series Funds, which has a lapse date later than August 14, 2000. This relief was granted to allow those Funds to consider making certain changes, to combine their prospectuses and to comply with the requirements in National Instrument 81-101 *Mutual Fund Prospectus Disclosure* ("NI 81-101").

5. The Filer is also the trustee of 37 other mutual funds (the "Investors Masterseries Funds"), each of which is an open-ended mutual fund trust established under the laws of Manitoba by way of separate Declarations of Trust the units of which are qualified for distribution in each of the Provinces of Canada under a simplified prospectus dated October 26, 1999 (the "1999 Investors Masterseries Funds Prospectus"). The earliest lapse date for the 1999 Investors Masterseries Prospectus is October 26, 2000.

6. Renewal prospectuses were filed on behalf of the Funds as follows:

   a) a separate renewal simplified prospectus (the "Rothschild Renewal Prospectus") in respect of the Rothschild Select: Global Strategy Series of Funds was filed on July 14, 2000 with the Ontario Securities Commission as principal regulator;

   b) a renewal long form prospectus (the "Real Property Renewal Prospectus") in respect of the Investors Real Property Fund was filed on July 14, 2000 with the MSC as principal regulator;

   c) a combined renewal simplified prospectus (the "Combined Renewal Prospectus") in respect of the IG Beutel Goodman Funds, the IG Sceptre Funds, the IG Partner Series Funds, the Investors 100% RSP Global Series Funds was filed on July 14, 2000 with The Manitoba Securities Commission (the "MSC") as principal regulator.

7. The OSC issued a first comment letter in respect of the Rothschild Renewal Prospectus on July 28, 2000 which contained 33 comments. As of August 21, 2000, it is clear that the comments will not be resolved in sufficient time to permit the filing of final materials in accordance with the time periods set out in the Legislation based upon the August 14, 2000 Lapse Date.

8. The MSC issued a first comment letter in respect of the Real Property Renewal Prospectus on August 1, 2000 which contained 12 comments. As of August 21, 2000, it is clear that the comments will not be resolved in sufficient time to permit the filing of final materials in accordance with the time periods set out in the Legislation based upon the August 14, 2000 Lapse Date.

9. The MSC issued a first comment letter in respect of the Combined Renewal Prospectus on August 1, 2000 which contained 94 comments. As of August 21, 2000, it is clear that the comments will not be resolved in sufficient time to permit the filing of final materials in accordance with the time periods set out in the Legislation based upon the August 14, 2000 Lapse Date.

10. There has been no material change in the affairs of the Funds since the date of the 1999 Prospectuses. The extensions of the Lapse Dates will not affect the currency or accuracy of the information contained in the Prospectuses and, accordingly, will not be prejudicial to the public interest.

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

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

THE Decision of the Decision Makers pursuant to the Legislation is that:

a) the time limits provided by the Legislation as they apply to the distribution of units of the Rothschild Select: Global Strategy Series of Funds under their 1999 Prospectus are hereby extended to the time limits that would be applicable if the lapse date for the distribution of such units pursuant to their 1999 Prospectus was September 11, 2000;

b) the time limits provided by the Legislation as they apply to the distribution of units of the Investors Real Property Fund under its 1999 Prospectus are hereby extended to the time limits that would be applicable if the lapse date for the distribution of such units pursuant to its 1999 Prospectus was August 28, 2000;

c) the time limits provided by the Legislation as they apply to the distribution of units of the IG Beutel Goodman Funds, IG Sceptre Funds, IG Partner Series Funds and Investors 100% RSP Global Series Funds under their respective 1999 Prospectuses are hereby extended to the time limits that would be applicable if the lapse dates for the distribution of such units pursuant to their 1999 Prospectuses was October 6, 2000.

DATED at **Winnipeg, Manitoba on August 23, 2000.**

"R.B. Bouchard"
Director, Capital Markets

2.1.7 Maxxum Precious Metals Fund et al. - MRRS Decision

Headnote

MRRS for Exemptive Relief Applications - Extension of lapse date - subject to conditions. Extension granted on the condition that a notice is sent to the unitholders who purchased units of each of the mutual funds after the lapse date, advising them of their right to rescind, and the manager reimbursing the mutual fund in the event of a decline in the net asset value of the funds between the date on which such units were purchased and the date on which a unitholder exercises rescission rights.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. s.5, as am., ss. 62(1), (2) and (5)

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

AND

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

AND

IN THE MATTER OF

MAXXUM PRECIOUS METALS FUND
MAXXUM NATURAL RESOURCE FUND
MAXXUM MONEY MARKET FUND
MAXXUM INCOME FUND
MAXXUM GLOBAL EQUITY FUND
MAXXUM DIVIDEND FUND
MAXXUM CANADIAN EQUITY GROWTH FUND
MAXXUM CANADIAN BALANCED FUND
MAXXUM AMERICAN EQUITY FUND
(collectively, the "MAXXUM Funds")

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (collectively, the "Jurisdictions") has received an application from MAXXUM Fund Management Inc. ("MAXXUM Fund Management"), for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the times prescribed by the Legislation for the filing of a *pro forma* prospectus and a final prospectus (the "Renewal Prospectus") of the MAXXUM Funds and for obtaining a receipt for the Renewal Prospectus, be extended;

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

AND WHEREAS it has been represented by MAXXUM Fund Management to the Decision Makers that:

1. Each of the MAXXUM Funds is a mutual fund established under the laws of Ontario pursuant to a trust agreement.

2. Units of the MAXXUM Funds ("Units") are currently offered in each of the Jurisdictions pursuant to a simplified prospectus and annual information form dated April 24, 1998 (the "Current Prospectus").

3. MAXXUM Fund Management is the manager of the MAXXUM Funds and is a wholly-owned subsidiary of Investors Group Inc. ("Investors"). The head office of MAXXUM Fund Management is located in Ontario, while the head office of Investors is located in Winnipeg.

4. Investors has recently announced that it will enter into a strategic alliance with Scudder Canada Investor Services Ltd. ("Scudder Canada") pursuant to which the mutual fund operations of Scudder Canada (the "Scudder Funds of Canada" and, together with the MAXXUM Funds, the "Funds") will be combined with the operations of the MAXXUM Funds. To implement this strategic alliance, a new joint venture company has been formed as a general partnership ("Jointco") under the laws of the Province of Ontario that will act as the manager of the Funds and as a principal distributor of the Funds. Scudder Canada and MAXXUM Fund Management will continue to provide portfolio management services to such of the Funds for which they are currently responsible. Jointco will ultimately be controlled by Investors.

5. An application will be made to the Jurisdictions pursuant to section 9.02 of National Policy Statement No. 39 for all approvals or exemptions required to permit Jointco to act as manager of the Funds.

6. Pursuant to the Legislation, the lapse date (the "Lapse Date") for the distribution of Units under the Current Prospectus is April 24, 1999 except in Ontario, where the Lapse Date is May 1, 1999.

7. Closing of the transaction contemplated by the strategic alliance between Investors and Scudder Canada is expected to take place in several stages. The first stage, when responsibility for the Scudder Funds of Canada will pass to Jointco, is anticipated to occur on June 28, 1999. The second stage, when control of Jointco will pass from Scudder Canada to Investors, will take place on June 29, 1999 or such later date as all required approvals of the Jurisdictions have been obtained. The final stage, when responsibility for the MAXXUM Group of Funds will pass to Jointco, will take place as soon after Investors takes control of Jointco as is practicable.

8. Proper implementation of this strategic alliance may require that certain changes be made prior to or immediately following the closing of this transaction to the operations of the MAXXUM Funds, which changes may well be of a nature that disclosure will be required to be made, or management may consider it desirable that disclosure be made, to unitholders of the MAXXUM Funds in a new simplified prospectus and annual information form.

9. It is also intended that the MAXXUM Funds and the Scudder Funds of Canada be offered pursuant to a combined simplified prospectus and annual information form. The Scudder Funds of Canada are currently offered under a simplified prospectus and annual information form dated July 7, 1998.

10. Without a Lapse Date extension, the Renewal Prospectus would have had to have been filed by May 4, 1999, and could have only discussed this transaction and its effect on unitholders of the MAXXUM in prospective terms, and could not have included disclosure of the Scudder Funds of Canada as they would not then be under common management. The Renewal Prospectus might then need to be subsequently amended after the closing of this transaction in order to disclose that the transaction had occurred, or to disclose any changes that may be made to the operations of the MAXXUM Funds in the immediate pre- or post-closing period, and would clearly have to be amended in order to combine disclosure about the MAXXUM Funds with disclosure about the Scudder Funds of Canada.

11. If the Lapse Date is extended, however, the Renewal Prospectus could be filed following completion of the transaction and could then provide combined disclosure about both fund groups and of any changes made to the MAXXUM Funds.

12. None of the MAXXUM Funds is in default of any of the requirements of the Legislation and there have been no material changes in the affairs of the MAXXUM Funds since the date of the Current Prospectus, except such changes as have been reflected in amendments thereto, including the proposed strategic alliance.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the times provided by the Legislation for the filing of the *pro forma* prospectus and the Renewal Prospectus and the receipting thereof, in connection with the distribution of the Units under the Current Prospectus are hereby extended to the times that would be applicable if the Lapse Date for the distribution of Units of the MAXXUM Funds pursuant to the Current Prospectus was July 7, 1999, provided that:

(A) all unitholders of record of the MAXXUM Funds in the Jurisdictions (the "Affected Unitholders") who purchased units of a MAXXUM Fund following the lapse date for the Current Prospectus and before the date of this order are provided with the right (the "Cancellation Right") to cancel such trades within twenty business days of the date on which a statement (the "Statement") describing the Cancellation Right is mailed by MAXXUM Fund Management to Affected Unitholders and to receive, upon the exercise of the Cancellation Right, the purchase price paid on the acquisition of such units and all fees and expenses incurred in effecting such purchase (the net asset value per unit on the date of such a purchase by an Affected Unitholder is hereinafter defined as the "Purchase Price per Unit");

(B) the MAXXUM Funds mail the Statement and a copy of this order to Affected Unitholders no later than May 21, 1999; and

(C) if the net asset value per unit of the relevant MAXXUM Fund on the date that an Affected Unitholder exercises the Cancellation Right is less than the Purchase Price per Unit, MAXXUM Fund Management shall reimburse the MAXXUM Fund the difference between the Purchase Price per Unit and the net asset value per unit on the date on which such Affected Unitholder exercises the Cancellation Right.

May 7th, 1999.

"Rebecca Cowdery"

2.1.8 Perigee Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Reporting issuer deemed to have ceased to be a reporting issuer - less than fifteen security holders remaining.

Subsection 1(6) of the OBCA - Issuer deemed to have ceased to be offering its securities to the public under the *Business Corporations Act* (Ontario).

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss.1(1), 6(3) and 83.

Business Corporations Act, R.S.O. 1990, c.B.16, as am., s.1(6).

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

AND

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

AND

IN THE MATTER OF
PERIGEE INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Quebec, Newfoundland and Nova Scotia (the "Jurisdictions") has received an application from Perigee Inc. ("Perigee") for:

(i) a decision under the securities legislation of the Jurisdictions (the "Legislation") that Perigee be deemed to have ceased to be a reporting issuer (or the equivalent thereof) under the Legislation; and

in Ontario only,

(ii) an order pursuant to the *Business Corporations Act* (Ontario) (the "OBCA") that Perigee be deemed to have ceased to be offering its securities to the public;

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

AND WHEREAS Perigee has represented to the Decision Makers that:

1. Perigee was incorporated on January 1, 1998 under the *Canada Business Corporations Act* and was continued under the OBCA on May 13, 1998 and its head office is located in Toronto, Ontario.

2. Perigee is a reporting issuer or the equivalent under the Legislation and is not in default of any requirement of the Legislation.

3. The authorized capital of Perigee consists of an unlimited number of common shares ("Common Shares"), an unlimited number of class M shares ("Class M Shares") and an unlimited number of first preferred shares, of which 8,687,736 Common Shares, 4,744,800 Class M Shares and no first preferred shares are outstanding. There are no securities, including debt securities, currently issued other than the Common and Class M Shares.

4. Perigee shareholders approved a plan of arrangement under the OBCA (the "Arrangement"), at a special meeting on May 18, 2000 and a final order approving the Arrangement pursuant to the OBCA was issued by the Ontario Superior Court of Justice on May 25, 2000. A certificate of arrangement was issued by the Director appointed under the OBCA on May 26, 2000.

5. Legg Mason, Inc. ("Legg Mason") holds Common Shares and pursuant to the Arrangement, Legg Mason Canada Holdings Ltd. ("Legg Mason Canada"), an indirect wholly-owned subsidiary of Legg Mason, acquired all other outstanding Common Shares, Class M Shares and options to purchase Common Shares.

6. Subsequent to the Arrangement, all of the options were cancelled and the stock option plan was terminated.

7. The Common Shares were delisted from the Toronto Stock Exchange on May 31, 2000. Perigee does not have any securities listed or quoted on any exchange or market in Canada.

8. All of the issued and outstanding securities of Perigee are held by Legg Mason and Legg Mason Canada.

9. Perigee does not intend to seek public financing by way of an issue of securities.

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

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

THE DECISION of the Decision Maker pursuant to the Legislation is that Perigee is deemed to have ceased to be a reporting issuer (or equivalent thereof) under the Legislation.

DATED at Toronto this 14th day of September, 2000.

"John Hughes"
Manager, Continuous Disclosure

AND IT IS HEREBY ORDERED by the Ontario Securities Commission pursuant to subsection 1(6) of the OBCA, that Perigee is deemed to have ceased to be offering its securities to the public for the purposes of the OBCA.

September 6th, 2000.

"J. A. Geller" "R. Stephen Paddon"

2.1.9 Real Resources Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief under subsection 104(2)(c) of the Act from the identical consideration requirement under subsection 97(1) of the Act to permit the payment of sale proceeds in lieu of shares of the offeror to holders of offeree shareholders resident in the United States of America.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am. - subsections 97(1) and 104(2)(c).

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

AND

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

AND

IN THE MATTER OF
REAL RESOURCES INC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Real Resources Inc. ("Real") for a decision under the securities legislation of the Jurisdictions (the "Legislation") exempting Real from the requirement contained in the Legislation to offer all holders of the same class of securities identical consideration (the "Identical Consideration Requirement") in connection with an offer to purchase all of the issued and outstanding common shares of Prism Petroleum Inc. ("Prism");

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

3. AND WHEREAS Real has represented to the Decision Makers that:

   3.1 Real is a corporation amalgamated under the *Business Corporations Act* (Alberta), with its head office in Calgary, Alberta;

3.2 Real is a reporting issuer or the equivalent in British Columbia, Alberta, Ontario, Saskatchewan, Nova Scotia and Quebec;

3.3 Real is not in default of any requirement of the Legislation;

3.4 the common shares of Real (the "Real Common Shares") are listed and posted for trading on The Toronto Stock Exchange (the "TSE");

3.5 Prism is a corporation incorporated under the *Business Corporations Act* (Alberta), with its head office in Calgary, Alberta;

3.6 Prism is a reporting issuer in Alberta;

3.7 Prism is not in default of any requirement of the Legislation;

3.8 the common shares of Prism (the "Prism Common Shares") are listed and posted for trading on The Canadian Venture Exchange;

3.9 Real has made an offer to acquire all of the outstanding Prism Common Shares (the "Offer");

3.10 Real will conduct the Offer by means of a formal take-over bid under the Legislation;

3.11 under the terms of the Offer, the holders of Prism Common shares may elect to receive:

3.11.1 $1.85 in cash for each Prism Common Share, subject to a maximum aggregate cash consideration of $10,485,000; or

3.11.2 0.50 of a Real Common Share for each Prism Common Share, subject to a maximum aggregate issuance of 2,500,000 Real Common Shares; or

3.11.3 a combination thereof;

3.12 if the holders of Prism Common Shares elect to receive cash consideration exceeding an aggregate of $10,485,000, that amount will be paid to the holders on a *pro rata* basis with the balance of the offer price being paid by the issuance of 0.50 of a Real Common Share for each Prism Common Share not purchased for cash consideration;

3.13 if the holders of Prism Common Shares elect to receive consideration exceeding 2,500,000 Real Common Shares, that number of Real Common Shares will be issued to the holders on a *pro rata* basis with the balance of the offer price being paid in cash on the basis of $1.85 for each Prism Common Share not purchased for consideration consisting of Real Common Shares;

3.14 as at August 9, 2000, to the knowledge of Real after reasonable inquiry, there were six registered shareholders of Prism resident in the United States of America (the "U.S. Shareholders"), collectively holding approximately 1.09% of the outstanding Prism Common Shares;

3.15 the Real Common Shares that may be issued under the Offer to the U.S. Shareholders have not been and will not be registered or otherwise qualified for distribution under the securities legislation of the United States of America. Accordingly, the delivery of Real Common Shares to U.S. Shareholders without further action by Real may constitute a violation of the laws of the United States of America;

3.16 to the extent that the U.S. Shareholders elect to receive or are allocated Real Common Shares in exchange for their Prism Common Shares, Real proposes to deliver the Real Common Shares to Computershare Investor Services Inc. (the "Depositary"), instead of to the U.S. Shareholders, for sale of such Real Common Shares on behalf of the U.S. Shareholders. The Depositary will, as soon as possible after such delivery, pool and sell the Real Common Shares on behalf of the U.S. Shareholders. Such sale will be done through the facilities of the TSE in a manner that is intended to minimize any adverse effect on the market price of Real Common Shares. As soon as possible after the completion of such sale, the Depositary will send to each U.S. Shareholder a cheque equal to such U.S. Shareholder's *pro rata* share of the proceeds of the sale of all Real Common Shares by the Depositary, net of sales commissions and applicable withholding taxes;

3.17 the Offer will be made in compliance with the Legislation, except to the extent that exemptive relief is granted in respect of the Identical Consideration Requirement;

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

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

6. THE DECISION of the Decision Makers under the Legislation is that, in connection with the Offer, Real is exempt from the Identical Consideration Requirement insofar as U.S. Shareholders who accept the Offer may receive cash proceeds from the Depositary's sale of Real Common Shares in accordance with the procedure set out in paragraph 3.16 above instead of Real Common Shares.

DATED at Calgary, Alberta this 31st day of August, 2000.

"Original signed by"
Glenda A. Campbell, Vice-Chair

"Original signed by"
James E. Allard, Member

2.1.10 TD Asset Management Inc. et al. - MRRS Decision

Headnote

Investment by the RSP fund in forward contracts issued by related counterparties exempted from the requirements of subclause 111(2)(a), 117(1)(a) and (d), and 118(2)(a), subject to specified conditions.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c.S.5., as am., 111(2)(a), 113, 117(1)(a), 117(1)(d), 117(2), 118(2)(a) and 121(2)(a)(ii).

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

AND

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

AND

IN THE MATTER OF TD ASSET MANAGEMENT INC. GREEN LINE GLOBAL SELECT RSP FUND GREEN LINE U.S. BLUE CHIP EQUITY RSP FUND GREEN LINE SCIENCE & TECHNOLOGY RSP FUND TD EMERGING MARKETS RSP FUND TD ENTERTAINMENT & COMMUNICATIONS RSP FUND and TD HEALTH SCIENCES RSP FUND

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from TD Asset Management Inc. ("TDAM") in its own capacity and on behalf of Green Line Global Select RSP Fund, Green Line U.S. Blue Chip Equity RSP Fund, Green Line Science & Technology RSP Fund, TD Emerging Markets RSP Fund, TD Entertainment & Communications RSP Fund and TD Health Sciences RSP Fund (individually, a "Green Line RSP Fund" and collectively, the "Green Line RSP Funds") and other mutual funds managed by TDAM after the date of this decision having an investment objective or strategy that is linked to the returns of another specified TDAM mutual fund while remaining 100% eligible for registered plans under the *Income Tax Act* (Canada) (individually, a "Future RSP Fund" and collectively, the "Future RSP Funds", and together with the Green Line RSP Funds, individually, an "RSP Fund" and collectively, the "RSP Funds") for a decision (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following requirements and restrictions contained in the Legislation (the "Requirements") shall not apply in respect of certain investments to be made by the RSP Funds in forward contracts and other specified derivatives ("Derivative

Contracts") with The Toronto-Dominion Bank ("TD Bank") as counterparty:

A. the Requirements prohibiting each RSP Fund from knowingly making or holding an investment in any person or company who is a substantial securityholder of the mutual fund, its management company or distribution company;

B. the Requirements requiring TDAM to file a report relating to a purchase or sale of securities between an RSP Fund and any related person or company; and

C. the Requirements prohibiting TDAM from knowingly causing an RSP Fund to invest in any person or company in which a director, officer or employee of TDAM is a director or officer;

AND WHEREAS TDAM is proposing to change the name of each Green Line RSP Fund that has the words "Green Line" in its name (an "Affected Fund") by replacing the words "Green Line" with the prefix "TD" effective on or about October 10, 2000 and notice of the change of name has been mailed to each unitholder of record of each Affected Fund;

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

AND WHEREAS TDAM has represented to the Decision Makers as follows:

1. TDAM is a corporation incorporated under the laws of Ontario. TDAM is a wholly-owned subsidiary of TD Bank. The registered and head office of TDAM is located in Ontario.

2. TDAM is, or will be, the manager, trustee, promoter and principal distributor of the RSP Funds, respectively, and it is, or will be, the manager, trustee, promoter and principal distributor of the corresponding mutual fund (the "Underlying Fund") in which each RSP Fund invests its assets both directly and indirectly;

3. Each of the RSP Funds is, or will be, an open-ended mutual fund trust established under the laws of Ontario which is, or will be, qualified for distribution in all Jurisdictions by means of a simplified prospectus and annual information form or renewal simplified prospectus and annual information form (collectively, the "Prospectus"). Each RSP Fund is, or will be, a reporting issuer under the securities laws of each of the provinces and territories of Canada and none of the Green Line RSP Funds is currently in default of any requirements of the Legislation. The Prospectus discloses, or will disclose the relationship that exists between TDAM, TD Bank and each RSP Fund.

4. Each Underlying Fund is, or will be an open-ended mutual fund trust established under the laws of Ontario which is, or will be qualified for distribution in all Jurisdictions by means of a simplified prospectus and annual information form. Each Underlying Fund is, or will be, a reporting issuer under the securities laws of each of the provinces and territories of Canada and none of the Green Line RSP Funds' Underlying Funds is currently in default of any requirements of the Legislation.

5. Each RSP Fund seeks, or will seek to achieve its investment objective while ensuring that securities of the Fund do not, or will not, constitute "foreign property" for registered retirement savings plans ("RRSPs"), including "group RRSPs" and locked-in retirement accounts, registered retirement income funds, including life income funds, deferred profit sharing plans and registered education savings plans (the "Registered Plans").

6. The Prospectus contains, or will contain disclosure with respect to the investment objective and investment policies of each RSP Fund. The investment objective of each RSP Fund is, or will be, to achieve long-term capital appreciation primarily by investing in derivative instruments that permit, or will permit, the RSP Fund to link its performance to its corresponding Underlying Fund, while ensuring that securities of the RSP Fund do not constitute "foreign property" for Registered Plans. In order to achieve its investment objective, each RSP Fund uses, or will use, Derivative Contracts to obtain exposure to its corresponding Underlying Fund and it also invests, or will invest directly in its corresponding Underlying Fund as described in paragraph 8 herein.

7. The investment objective of each Underlying Fund is, or will be, achieved through investment primarily in foreign securities.

8. As each RSP Fund invests, or will invest, its assets in securities such that its securities will be "qualified investments" for Registered Plans and will not constitute foreign property in a Registered Plan, the direct investment by an RSP Fund in its corresponding Underlying Fund is, or will be, made in an amount which does not exceed the amount prescribed from time to time as the maximum permitted amount capable of being made as a foreign property investment under the Tax Act without the imposition of tax under Part XI of that Act (the "Foreign Property Maximum"). The amount of direct investment by each RSP Fund will be adjusted from time to time so that, except for transitional cash, the aggregate of Derivative Contract exposure to, and direct investment in, its Underlying Fund will equal 100% of the assets of the RSP Fund.

9. TD Bank may, from time to time, invest directly in securities of an Underlying Fund as a hedge against its obligations under its Derivative Contracts with an RSP Fund ("TD Bank Contracts").

10. TDAM will monitor the pricing and terms of TD Bank Contracts by engaging an independent internationally recognized accounting firm (the "Contract Auditor") to review and assess the pricing and terms of Derivative Contracts between TD Bank and other third party mutual fund groups ("Arm's Length Contracts") which offer mutual funds which have investment objectives which are similar to the investment objectives of the RSP Funds ("Third Party RSP Funds") and the Contract

Auditor will compare the pricing and terms of Arm's Length Contracts respecting Third Party RSP Funds with the proposed pricing and terms of each TD Bank Contract and it will provide TDAM with an opinion (the "Contract Auditor's Opinion") respecting the relative competitiveness of the pricing and terms of the TD Bank Contract.

11. TDAM will not cause an RSP Fund to enter into a TD Bank Contract unless the Contract Auditor's Opinion concludes that the pricing and terms of the TD Bank Contract is at least as favourable as the pricing and terms of Arm's Length Contracts respecting Third Party RSP Fund that are similar in size to the RSP Funds, the Contract Auditor's Opinion is received and accepted by TDAM's board of directors and the board of directors approves the TD Bank Contract.

12. Except to the extent evidenced by this Decision and specific approvals granted by the Canadian securities administrators ("CSA") pursuant to National Instrument 81-102, the investment by each RSP Fund in its corresponding Underlying Fund or Derivative Contracts have, or will be, been structured to comply with the investment restrictions of the Legislation and National Instrument 81-102.

13. In the absence of this Decision, pursuant to the Legislation, each RSP Fund is prohibited from (a) knowingly making an investment in a person or company who is a substantial securityholder of TDAM; and (b) knowingly holding an investment referred to in subsection (a) hereof. As a result, in the absence of this Decision, an RSP Fund would be required to divest itself of any investments referred to in subsection (a) herein.

14. In the absence of this Decision, the Legislation requires TDAM to file a report in respect of each TD Bank Contract.

15. In the absence of this Decision, pursuant to the Legislation, TDAM is prohibited from knowingly causing an RSP Fund to invest in any person or company in which a director, officer or employee of TDAM is a director or officer.

16. The investment in TD Bank Contracts by each RSP Fund represents, or will represent, the business judgement of responsible persons uninfluenced by considerations other than the best interests of the RSP Fund.

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

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

The Decision of the Decision Makers pursuant to the Legislation is that the Requirements shall not apply in respect of TD Bank Contracts entered into by an RSP Fund, provided the RSP Fund's investments in TD Bank Contracts are made in accordance with the following conditions:

1. the Contract Auditor reviews and assesses the pricing and terms of Arm's Length Contracts in respect of Third Party RSP Funds that are similar in size to the RSP Fund and compares such pricing and terms to the pricing and terms of the TD Bank Contract;

2. the Contract Auditor provides TDAM with a Contract Auditors Opinion which concludes that the pricing and terms of the TD Bank Contract is at least as favourable as the pricing and terms of such Arm's Length Contracts.

3. TDAM's board of directors approves the TD Bank Contract;

4. the Contract Auditor reconsiders and reassesses the TD Bank Contract whenever the Prospectus is renewed and whenever it is proposed to amend the pricing and terms of the TD Bank Contract;

5. the Prospectus identifies TD Bank as the counterparty to the TD Bank Contract and discloses the relationship that exists between TDAM, TD Bank and the RSP Fund; and

6. the Prospectus describes the Contract Auditor's role of assessing and reassessing the TD Bank Contract for the purpose of ensuring that the pricing and terms of the TD Bank Contract is, and remains, at least as favourable as Arm's Length Contracts respecting Third Party RSP Funds that are similar in size to the RSP Fund.

September 15th, 2000.

"J. A. Geller" "Morley P. Carscallen"

2.1.11 United Parcel Service, Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from registration and prospectus requirements granted in respect of certain trades in shares and awards of a US issuer in connection with certain incentive and stock purchase plans.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c.S.5, as am., s.- 25, 35(1)(12)(iii), 53, 72(1)(f)(iii), 74(1)

Applicable Ontario Rules

Rule 45-503 Trades to Employees, Executives and Consultants.
Rule 72-501 Prospectus Exemption for First Trade Over a Market Outside Ontario.

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

AND

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

AND

IN THE MATTER OF UNITED PARCEL SERVICE, INC. DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and New Brunswick (the "Jurisdictions") received an application from United Parcel Service, Inc. ("UPS") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirement") (collectively, the "Registration and Prospectus Requirements") shall not apply to certain trades of shares and awards of UPS in connection with

(a) the UPS 1999 Incentive Compensation Plan (the "Incentive Plan"); and

(b) the UPS Nonqualified Employee Stock Purchase Plan (the "Stock Purchase Plan") (the Incentive Plan and Stock Purchase Plan are collectively referred to herein as the "UPS Plans");

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

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

1. UPS is a corporation incorporated under the laws of the State of Delaware.

2. UPS is not and has no present intention of becoming a reporting issuer, or equivalent, under the Act or the securities legislation of any province or territory of Canada.

3. UPS is subject to the requirements of the *Securities Exchange Act of 1934* and is not exempt from the reporting requirements of the 1934 Act under any rule.

4. The authorized capital of UPS consists of: (a) 1,533,333,333 Class A-1 common stock (the "Class A-1 Shares"), par value $0.01 per share; (b) 1,533,333,333 Class A-2 common stock (the "Class A-2 Shares"), par value $0.01 per share; (c) 1,533,333,334 Class A-3 common stock (the "Class A-3 Shares"), par value $0.01 per share (the Class A-1 Shares, Class A-2 Shares and Class A-3 Shares are collectively referred to herein as the "Class A Shares"); (d) 5,600,000,000 Class B common stock, par value $0.01 per share (the "Class B Shares"); and (e) 200,000,000 preferred stock, par value $0.01 per share.

5. As at May 3, 2000 there were approximately 1,037,596,982 Class A Shares and 109,400,000 Class B Shares issued and outstanding. No shares of preferred stock are issued and outstanding.

6. The Class A Shares are not listed on any stock exchange or quoted on an organized over-the-counter market. The Class B Shares have been listed on the New York Stock Exchange (the "NYSE") since November 10, 1999, when UPS made its initial public offering of Class B Shares (the "IPO").

7. The Class A Shares are subject to certain transfer restrictions. Class A-1 Shares may be converted into Class B Shares at the holder's option, and will be converted into Class B Shares upon transfer to any person other than a "Permitted Transferee" (as set out in schedule A attached hereto). Class A-2 Shares and Class A-3 Shares may not be transferred to anyone other than a Permitted Transferee or converted into Class B Shares until 360 days and 540 days, respectively, after the IPO.

8. The Incentive Plan was established to offer performance-based stock incentives to certain employees (the "Participants") of UPS and UPS affiliates and subsidiaries (the "UPS Companies") to motivate, attract and reward such Participants who contribute to the success of the UPS Companies.

9. Under the Incentive Plan, UPS may grant incentive stock options, non-qualified stock options, restricted

stock, performance shares, performance units and management incentive awards (collectively referred to herein as "Awards").

10. Generally, Awards either consist of, or may be exercised to acquire, Class A Shares.

11. The Stock Purchase Plan was established to encourage stock ownership by certain eligible employees of the UPS Companies (an "Eligible Employee") to increase employee interest in UPS and to promote employee retention.

12. UPS expects the Stock Purchase Plan to continue indefinitely subject to continued availability of shares reserved for issuance; however the Stock Purchase Plan may be amended or terminated by UPS. There are 40,000,000 Class A-1 Shares reserved for purchase under the Stock Purchase Plan.

13. Participation in each of the UPS Plans is voluntary and Participants and Eligible Employees will not be induced to participate in the UPS Plans or to acquire securities under the UPS Plans by expectation of employment or continued employment or by expectation of appointment or continued appointment in instances where the Participant or Eligible Employee is an officer of a UPS Company.

14. All Participants and Eligible Employees, regardless of residency, receive substantially the same disclosure in respect of the Incentive Plan and Stock Purchase Plan, respectively, including U.S. prospectuses prepared by UPS in respect of the Incentive Plan and Stock Purchase Plan. In addition, UPS will advise Participants and Eligible Employees in Canada of the fact that securities legislation of the Jurisdictions imposes resale restrictions on the Class A Shares and Class B Shares.

15. As at June 1, 2000, less than 1% of all Participants and less than 1% of all Eligible Employees were resident in each Jurisdiction (collectively referred to herein as the "Canadian Participants").

16. As at June 1, 2000, residents in each Jurisdiction held less than 1% of each of the Class A Shares and Class B Shares issued and outstanding at that time.

17. In certain Jurisdictions, Canadian Participants will not be able to rely on exemptions from the Registration and Prospectus Requirements for the issue of securities under the Plans, and first trades will not be exempt distributions under the Legislation.

18. UPS will send concurrently to its securityholders in the Jurisdictions copies of all continuous disclosure material sent by UPS to its securityholders in the United States.

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

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

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

(a) the Registration and Prospectus Requirements shall not apply to distributions of Awards and Class A-1 Shares pursuant to the Plans to Participants and Eligible Employees resident in New Brunswick;

(b) first trades by Canadian Participants in Class A Shares acquired pursuant to the UPS Plans are not subject to the Registration and Prospectus Requirements provided that such trades are made to Permitted Transferees of such Canadian Participants; and

(c) first trades in a Jurisdiction by Canadian Participants and Permitted Transferees in Class B Shares acquired on the conversion of Class A Shares previously acquired pursuant to the UPS Plans are not subject to the Prospectus and Registration Requirements, provided that:

  (i) at the time of the acquisition of the Class B Shares, persons or companies whose last address as shown on the books of UPS in that Jurisdiction did not hold more than 10% of the outstanding Class B Shares and did not represent in number more than 10% of the total number of holders of Class B Shares;

  (ii) at the time of the acquisition of the Class B Shares, persons or companies who were resident in that Jurisdiction and who beneficially owned Class B Shares did not beneficially own more than 10% of the outstanding Class B Shares and did not represent in number more than 10% of the total number of holders of Class B Shares;

  (iii) at the time of the trade of any Class B Shares, UPS is not a reporting issuer, or equivalent, under any of the Legislation; and

  (iv) such first trade is executed:

    (A) through the facilities of a stock exchange outside of Canada; or

    (B) on the NASDAQ Stock Market,

  in accordance with the rules of such exchange or market and all applicable laws.

September 13th, 2000.

"J. A. Geller" "R. Stephen Paddon"

2.2 Orders

2.2.1 Allied Zurich p.l.c - cl. 104(2)(c)

Headnote

Cash issuer bid made in Ontario - Bid made in accordance with the laws of the United Kingdom and *The City Code on Take-overs and Mergers - De minimis* exemption unavailable because number of Ontario holders of offeree's shares is 63, which exceeds the 50 person threshold - Bid exempted from the requirements of Part XX, subject to certain conditions.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 93(3)(h), 95, 96, 97, 98 and 100 and 104(2)(c).

Recognition Orders Cited

In the Matter of the Recognition of Certain Jurisdictions (Clauses 93(1)(e) and 93(3((h) of Act) (1997) 20 OSCB 1035.

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

AND

IN THE MATTER OF ALLIED ZURICH p.l.c.

ORDER (Clause 104(2)(c))

UPON the application (the "Application") of Allied Zurich p.l.c. ("AZ") to the Ontario Securities Commission (the "Commission") for an order pursuant to clause 104(2)(c) of the Act that AZ be exempt from the requirements of sections 95, 96, 97, 98 and 100 of the Act in connection with the proposed offer (the "Offer") by AZ to acquire up to a maximum of 235 million ordinary shares of AZ (the "Shares") for a maximum aggregate cash consideration of US$ 500 million to US$ 1 billion (the "Maximum Dollar Value");

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

AND UPON AZ having represented to the Commission as follows:

1. AZ is a company incorporated in England and Wales and listed on the London Stock Exchange. The registered office of AZ is located in London, England.

2. AZ is not a reporting issuer under the securities legislation of any province or territory in Canada and none of its securities are listed for trading on any Canadian stock exchange.

3. AZ is a holding company which owns 43% of the issued and outstanding shares of Zurich Financial Services ("ZFS"). The remaining 57% of the issued and outstanding shares of ZFS are held by a Swiss public company, Zurich Allied AG ("AG").

4. On April 25, 2000, AZ and AG announced their intention to unify the ownership structure of ZFS (the "Unification") in a new single holding company, New Zurich Financial Services ("New ZFS"). New ZFS will have a primary listing in Switzerland and a secondary listing in the United Kingdom and will, either directly or indirectly, own 100 percent of the issued and outstanding shares of ZFS.

5. The shares of New ZFS will not be eligible for inclusion in the FTSE UK indices. As a result, increased trading activity in the Shares may take place prior to the Unification as some of AZ's ordinary shareholders (the "Ordinary Shareholders") may need (or may otherwise choose) to sell their Shares. The Offer is being made to accommodate such trading activity.

6. At an extraordinary general meeting held on June 20, 2000, the Ordinary Shareholders voted in favour of the Unification and authorized AZ to make the Offer.

7. Pursuant to the Offer, Shares may be tendered in a price range to be determined on the latest practicable date prior to the mailing of the Offer (the "Price Range").

8. The independent directors of AZ will, after the Offer is closed, set the price at which AZ proposes to purchase the Shares pursuant to the Offer (the "Strike Price"). The Strike Price will be the lowest price per Share that will allow AZ to purchase Shares validly tendered up to the Maximum Dollar Value. All Shares accepted under the Offer will be acquired at the Strike Price (or the US Dollar equivalent). Shareholders may either specify a price within the Price Range or elect to tender at the Strike Price. Tenders above the Strike Price will be rejected.

9. Valid tenders at or below the Strike Price will be accepted as follows:

   (a) tenders for the first 500 Shares at or below the Strike Price will be accepted in full;

   (b) tenders below the Strike Price in respect of more than 500 Shares will be accepted in full; and

   (c) tenders at the Strike Price in respect of more than 500 Shares will be scaled down pro rata up to the Maximum Dollar Value.

10. The Offer is conditional upon at least 15.8 million Shares, representing approximately one per cent of AZ's issued and outstanding share capital, being validly tendered.

11. The Offer is being made in compliance with the laws of the United Kingdom, the rules and regulations of the London Stock Exchange, the Listing Rules of the United Kingdom Listing Authority and *The City Code on Take-overs and Mergers*, and not pursuant to any exemption from such requirements.

12. As at August 9, 2000, there were 63 Ordinary Shareholders whose last address as shown on the books of AZ is in Ontario (collectively, the "Ontario Shareholders"), holding, in aggregate, 81,428 Shares, representing approximately 0.00516% of the issued and outstanding Shares.

13. The Offer is being made on the same terms and conditions to Ontario Shareholders as it is being made to Ordinary Shareholders resident in the United Kingdom.

14. Although the Commission has recognized the laws of the United Kingdom for the purposes of clause 93(3)(h) of the Act, AZ cannot rely upon the exemption in clause 93(3)(h) from the requirements in sections 95, 96, 97, 98 and 100 of the Act because the number of Ontario Shareholders is greater than 50.

15. All material relating to the Offer that will be sent by AZ to Ordinary Shareholders residing in the United Kingdom shall concurrently be sent to the Ontario Shareholders and be filed with the Commission.

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

IT IS ORDERED pursuant to clause 104(2)(c) of the Act that, in connection with the Offer, AZ is exempt from the requirements of sections 95, 96, 97, 98 and 100 of the Act, provided that:

(a) the Offer and all amendments thereto are made in compliance with *The City Code on Take-overs and Mergers*; and

(b) all materials relating to the Offer and any amendments thereto that are sent by or on behalf of AZ to Ordinary Shareholders residing in the United Kingdom are concurrently sent to the Ontario Shareholders and copies of such materials are concurrently filed with the Commission.

September 8th, 2000.

"J. A. Geller" "K. D. Adams"

2.2.2 Classic Securities of: GGOF Alexandria RSP International Balanced Fund et al. - ss. 62(5)

Headnote

Extension of lapse date.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 62(1) and ss.62(5).

Rules Cited

National Instrument 81-101 entitled Mutual Fund Prospectus Disclosure.

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

AND

IN THE MATTER OF
CLASSIC SECURITIES OF:
GGOF ALEXANDRIA RSP INTERNATIONAL BALANCED FUND
GGOF ALEXANDRIA GLOBAL GROWTH FUND
GGOF ALEXANDRIA GLOBAL SMALL CAP FUND
GGOF ALEXANDRIA GLOBAL TECHNOLOGY FUND
GGOF CENTURION CANADIAN BALANCED FUND
GGOF CENTURION AMERICAN VALUE FUND LTD.
GGOF GUARDIAN CANADIAN MONEY MARKET FUND
GGOF GUARDIAN RSP U.S. MONEY MARKET FUND
GGOF GUARDIAN CANADIAN BOND FUND
GGOF GUARDIAN MONTHLY DIVIDEND FUND LTD.
GGOF GUARDIAN MONTHLY HIGH INCOME FUND
GGOF GUARDIAN RSP FOREIGN INCOME FUND
GGOF GUARDIAN RSP INTERNATIONAL INCOME FUND
GGOF GUARDIAN CANADIAN EQUITY FUND and
GGOF GUARDIAN ENTERPRISE FUND
(the "Funds")

ORDER
(Subsection 62(5))

UPON an application (the "Application") from Guardian Group of Funds Ltd. (the "Manager") on behalf of the Funds for an order pursuant to subsection 62(5) of the Act that the time limits pertaining to the distribution of Classic securities under the current simplified prospectus and annual information form (the "Prospectus") of the Funds be extended to those time limits that would be applicable if the lapse date of the Prospectus was September 26, 2000;

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

AND UPON the Manager having represented as follows:

(a) The Manager is a corporation incorporated under the laws of Canada. The Manager is the manager and promoter of the Funds and trustee of all of the Funds other than GGOF Centurion American Value Fund Ltd. and GGOF Monthly Dividend Fund Ltd. (collectively the "Corporate Funds").

(b) The Funds, other than the Corporate Funds, are open-ended mutual fund trusts established by the Manager under the laws of Ontario. The Corporate Funds are open-ended mutual fund corporations incorporated under the laws of Ontario.

(c) The Funds are reporting issuers under the Act and are not in default of any requirements of the Act and the rules and regulations made thereunder.

(d) Pursuant to the subsection 62(1) of the Act, the lapse date (the "Lapse Date") for distribution of Classic securities pursuant to the Prospectus is September 7, 2000.

(e) Since the date of the Prospectus, no material change has occurred and no amendments to the Prospectus have been made. Accordingly, the Prospectus represents up to date information regarding each of the Funds offered. The extension requested will not affect the currency or accuracy of the information contained in the Prospectus of the Funds and accordingly will not be prejudicial to the public interest.

(f) A *pro forma* simplified prospectus and annual information form of the Funds was filed on July 7, 2000 incorporating the new requirements under National Instrument 81-101. The Manager has received extensive comments from the principal regulator and, despite diligent efforts to meet the timelines based on the current Lapse Date, the Manager requires additional time to consider these comments and revise the disclosure documents accordingly. Without the requested extension of the Lapse Date there is not sufficient time for the Manager to fully consider certain comments from the principal regulator and to revise the disclosure documents accordingly.

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

IT IS ORDERED pursuant to subsection 62(5) of the Act that the time limits provided by Act as they apply to the distribution of Classic securities pursuant to the Prospectus are hereby extended to the time limits that would be applicable if the Lapse Date for the distribution of securities under the Prospectus of the Funds was September 26, 2000.

September 14th, 2000.

"Rebecca Cowdery"

2.2.3 Mutual Fund Securities of: GGOF Alexandria RSP International Balanced Fund et al. - ss. 62(5)

Headnote

Extension of lapse date.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 62(1) and ss.62(5).

Rules Cited

National Instrument 81-101 entitled Mutual Fund Prospectus Disclosure.

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

AND

IN THE MATTER OF
MUTUAL FUND SECURITIES OF:
GGOF ALEXANDRIA RSP INTERNATIONAL BALANCED FUND
GGOF ALEXANDRIA GLOBAL GROWTH FUND
GGOF ALEXANDRIA GLOBAL SMALL CAP FUND
GGOF ALEXANDRIA EUROPEAN GROWTH FUND
GGOF ALEXANDRIA GLOBAL TECHNOLOGY FUND
GGOF CENTURION CANADIAN BALANCED FUND
GGOF CENTURION AMERICAN VALUE FUND LTD.
GGOF CENTURION AMERICAN LARGE CAP FUND
GGOF CENTURION EMERGING MARKETS FUND
GGOF GUARDIAN CANADIAN MONEY MARKET FUND
GGOF GUARDIAN RSP U.S. MONEY MARKET FUND
GGOF GUARDIAN CANADIAN BOND FUND
GGOF GUARDIAN CANADIAN HIGH YIELD BOND FUND
GGOF GUARDIAN MONTHLY DIVIDEND FUND LTD.
GGOF GUARDIAN MONTHLY HIGH INCOME FUND
GGOF GUARDIAN RSP FOREIGN INCOME FUND
GGOF GUARDIAN RSP INTERNATIONAL INCOME FUND
GGOF GUARDIAN CANADIAN EQUITY FUND
GGOF GUARDIAN CANADIAN LARGE CAP FUND and
GGOF GUARDIAN ENTERPRISE FUND
(the "Funds")

ORDER
(Subsection 62(5))

UPON an application (the "Application") from Guardian Group of Funds Ltd. (the "Manager") on behalf of the Funds for an order pursuant to subsection 62(5) of the Act that the time limits pertaining to the distribution of Mutual Fund securities under the current simplified prospectus and annual information form (the "Prospectus") of the Funds be extended to those time limits that would be applicable if the lapse date of the Prospectus was September 26, 2000;

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

AND UPON the Manager having represented as follows:

(a) The Manager is a corporation incorporated under the laws of Canada. The Manager is the manager and promoter of the Funds and trustee of all of the Funds other than GGOF Centurion American Value Fund Ltd. and GGOF Monthly Dividend Fund Ltd. (collectively the "Corporate Funds").

(b) The Funds, other than the Corporate Funds, are open-ended mutual fund trusts established by the Manager under the laws of Ontario. The Corporate Funds are open-ended mutual fund corporations incorporated under the laws of Ontario.

(c) The Funds are reporting issuers under the Act and are not in default of any requirements of the Act and the rules and regulations made thereunder.

(d) Pursuant to the subsection 62(1) of the Act, the lapse date (the "Lapse Date") for distribution of Mutual Fund securities pursuant to the Prospectus is September 7, 2000.

(e) Since the date of the Prospectus, no material change has occurred and no amendments to the Prospectus have been made. Accordingly, the Prospectus represents up to date information regarding each of the Funds offered. The extension requested will not affect the currency or accuracy of the information contained in the Prospectus of the Funds and accordingly will not be prejudicial to the public interest.

(f) A *pro forma* simplified prospectus and annual information form of the Funds was filed on July 7, 2000 incorporating the new requirements under National Instrument 81-101. The Manager has received extensive comments from the principal regulator and, despite diligent efforts to meet the timelines based on the current Lapse Date, the Manager requires additional time to consider these comments and revise the disclosure documents accordingly. Without the requested extension of the Lapse Date there is not sufficient time for the Manager to fully consider certain comments from the principal regulator and to revise the disclosure documents accordingly.

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

IT IS ORDERED pursuant to subsection 62(5) of the Act that the time limits provided by Act as they apply to the distribution of Mutual Fund securities pursuant to the Prospectus are hereby extended to the time limits that would be applicable if the Lapse Date for the distribution of securities under the Prospectus of the Funds was September 26, 2000.

September 14th, 2000.

"Rebecca Cowdery"

2.2.4 Quest Capital Group Limited. - Rule 31-505 "Conditions of Registration"

Headnote

Decision pursuant to section 4.1 of Ontario Securities Commission Rule 31-505 for exemption from the suitability requirements under paragraph 1.5(b) subject to certain terms and conditions.

Rules Cited

Ontario Securities Commission Rule 31-505 "Conditions of Registration" (1999) 22 O.S.C.B. 731.

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

AND

IN THE MATTER OF QUEST CAPITAL GROUP LIMITED

(RULE 31-505)

WHEREAS the Director has received an application from Quest Capital Group Limited ("Quest Capital") seeking a decision pursuant to section 4.1 of Ontario Securities Commission Rule 31-505 -- Conditions of Registration (the "Rule") to exempt Quest Capital from complying with the suitability requirements under paragraph 1.5(1)(b) of the Rule.

AND WHEREAS Quest Capital has represented to the Director that:

1. Quest Capital is a registered securities dealer under the *Securities Act* (Ontario) (the "Act") and is not in breach of any of the requirements under the Act.

2. Quest Capital's head office is located in Toronto, Ontario and its trading facilities will be located in Toronto, Ontario.

3. Quest Capital will provide electronic day trading services.

4. Quest Capital will screen its clients to ensure they have the appropriate level of knowledge and skill to utilize its day trading services, and will enable its clients to operate from their homes or offices or from Quest Capital's premises. In order to facilitate the speed of execution required for day trading, Quest Capital will provide its clients with high speed execution and confirmation systems.

5. Quest Capital will provide access to electronically-traded Toronto Stock Exchange, Canadian Venture Exchange, New York Stock Exchange, AMEX and NASDAQ listed or quoted stocks only.

6. All prospective customers of Quest Capital will be required to complete a know-your-client form and a new account approval form. Prospective customers will also

be required to review and execute a margin and short sale agreement.

7. Prospective customers will be required to sign a specific day trading oriented Customer Acknowledgement form which will confirm that they are opening an account with Quest Capital, acknowledging that day trading is speculative and that it is possible to lose all, part of or more than one's investment.

8. Approved customers will be required to provide a minimum initial deposit of U.S. $15,000 to open an account. A customer will not be permitted to trade if his or her account is below U.S. $10,000.

9. The computer software used by Quest Capital customers will not permit over-margined trades or improper short sales.

10. Quest Capital will not provide any advice or recommendations to its clients on specific investments.

11. Quest Capital will provide all clearing and back office administrative functions for its day trading customers.

Based on the above representations and the representations made in the application by Quest Capital dated June 15, 2000, the Director hereby exempts Quest Capital with respect to the operation of the Quest Capital's day trading facilities from the application of paragraph 1.5(1)(b) of the Rule on an order-by-order basis subject to the following conditions:

1. Quest Capital must exercise diligence in ascertaining the financial circumstances (including investment experience and investment objectives) of a prospective customer in order to determine whether a day trading strategy is suitable for the customer;

2. Quest Capital must exercise diligence in ascertaining whether the financial circumstances of a customer have changed such that continuing to pursue a day trading strategy is no longer suitable for the customer;

3. Quest Capital must exercise diligence to ensure that each customer understands the operation of Quest Capital's order execution systems and procedures; and

4. Quest Capital must exercise diligence to ensure that each customer understands the risk associated with day trading. Quest Capital will provide each customer with a separate disclosure statement indicating the risks of day trading.

September 18th, 2000.

"William R. Gazzard"

2.3 Rulings

2.3.1 Altera Ottawa Co., Altera Exchange Co., and Altera Corporation - ss. 74(1)

Headnote

Subsection 74(1) - Registration and prospectus relief granted in respect of trades in connection with a merger transaction in which exchangeable shares are issued where statutory exemptions are unavailable for technical reasons - first trade of securities of U.S. public company issued on the exchange of exchangeable shares subject to section 72(5) and section 2.18(3) of Rule 45-501 unless such trade is made through the facilities of a stock exchange outside of Ontario or on NASDAQ since U.S. public company is a non-reporting issuer and Ontario shareholders have a de minimus position.

Statutes Cited

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

Rules Cited

Rule 45-501 - *Exempt Distributions.*

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

AND

IN THE MATTER OF ALTERA OTTAWA CO., ALTERA EXCHANGE CO., AND ALTERA CORPORATION

RULING
(Subsection 74(l))

UPON application by Altera Ottawa Co. (the "**Company**"), Altera Exchange Co. ("**Exchangeco**") and Altera Corporation ("**Altera**") to the Ontario Securities Commission (the "**Commission**") for a ruling pursuant to subsection 74(1) of the Act exempting certain trades in connection with the exercise of various exchange and retraction rights of the holders ("**Exchangeable Shareholders**") of non-voting exchangeable shares ("**Exchangeable Shares**") and redemption and call rights in respect of the Exchangeable Shares from the requirements of section 25 and 53 of the Act;

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

AND UPON the Company having represented to the Commission that:

1. DesignPRO Inc. ("**DesignPRO**") was incorporated under the laws of Ontario on September 27, 1994 and continued as a Nova Scotia limited liability company under the *Nova Scotia Companies Act* on April 11, 2000. DesignPRO was a "private company" as defined in the Act, and was not a "reporting issuer" under the Act or under the securities legislation of any other jurisdiction.

2. Immediately prior to the Acquisition (defined in paragraph 9 below), DesignPRO's authorized capital consisted of 10,000,000 common shares of each of three classes designated as Class "A", Class "B" and Class "C" common shares and 10,000,000 Class "D" preferred shares, of which 2,772,748 Class "A" common shares, 100,000 Class "B" common shares and 2,000,000 Class "C" common shares were issued and outstanding (collectively, the "**DesignPRO Shares**").

3. Immediately prior to the Acquisition, all the outstanding DesignPRO Shares were owned by Eric Dormer, Cheryl McJannet, the Dormer Family Trust, VTools Inc. and Peter Bain (collectively, the "**Selling Shareholders**"). Each of the Selling Shareholders is resident in Ontario.

4. Altera was incorporated under the laws of the State of California in June 1983 and continued into Delaware in March 1997. It is not a "reporting issuer" under the Act or under any other Canadian securities legislation.

5. The authorized capital of Altera consists of 400,000,000 shares of common stock in the capital of Altera (the "**Altera Common Stock**"). As of April 14, 2000, there were 199,417,175 shares of Altera Common Stock outstanding.

6. Altera is subject to the requirements of the United States *Securities Exchange Act of 1934*, as amended.

7. The shares of Altera Common Stock are quoted on the NASDAQ.

8. DesignPRO Acquisition Co. (the "**Purchaser**") was incorporated on April 13, 2000 under the laws of the Province of Nova Scotia solely to effect the Acquisition. The Purchaser is a wholly-owned subsidiary of Exchangeco, which is a wholly-owned subsidiary of Altera Holding Co. ("**Holdco**"), which is in turn an indirect, wholly-owned subsidiary of Altera.

9. Altera, the Purchaser, Holdco, Exchangeco, DesignPRO and the Selling Shareholders entered into a share purchase agreement (the "**Purchase Agreement**") pursuant to which Altera and the Purchaser agreed to purchase from the Selling Shareholders all the outstanding DesignPRO Shares in consideration for cash and Exchangeable Shares to be issued by the Purchaser (the "**Acquisition**"). The Acquisition closed on April 19, 2000.

10. As a term of the Acquisition, a portion of the Exchangeable Shares (the "**Escrow Shares**") issued in partial satisfaction of the purchase price paid to all but one of the Selling Shareholders are being held in escrow and will be released on the first, second, third and fourth anniversaries of the closing date of the Acquisition, subject to certain conditions (the "**Escrow Shares**"). References herein to shares of "**Altera Common Stock**" and "**Exchangeable Shares**" issued

to the Selling Shareholders shall include, as applicable, the Escrow Shares.

11. Immediately following the Acquistion, the Purchaser and DesignPRO amalgamated to form the Company, a Nova Scotia unlimited liability company which has the same share capital structure and other corporate attributes as the Purchaser. Accordingly, the term "**Purchaser**" includes the Company and the term "**Exchangeable Shares**" includes the exchangeable shares of the Company issued upon the amalgamation in exchange for the exchangeable shares of DesignPRO Acquisition Co.

12. The authorized capital of the Purchaser consists of 100,000,000 common shares (**"Common Shares"**) and 100,000,000 Exchangeable Shares. Upon the closing of the Acquisition, all the issued Common Shares of the Purchaser were owned by Exchangeco and all the issued Exchangeable Shares were held by the Selling Shareholders.

13. The Exchangeable Shares provide the Exchangeable Shareholders with a security of a Canadian issuer which have economic attributes which are, as nearly as practicable, equivalent to those of shares of Altera Common Stock.

14. Each Exchangeable Share is retractable at any time by, and at the option of, the holder thereof for one share of Altera Common Stock. The share provisions governing the Exchangeable Shares contain anti-dilution provisions to ensure that the Exchangeable Shareholders' economic interests in Altera will not be adversely affected by the occurrence of events such as a subdivision, consolidation or other change in the capital of Altera affecting the shares of Altera Common Stock, a distribution of shares of Altera Common Stock to holders thereof by way of stock dividend, option, right or warrant, or any other distribution of securities, assets or indebtedness of Altera or its subsidiaries to holders of shares of Altera Common Stock.

15. The provisions of the Exchangeable Shares (the "**Exchangeable Share Provisions**") provide, inter alia:

    (a) except as required by applicable law, holders of Exchangeable Shares shall not be entitled to receive notice of or vote at meetings of the shareholders of the Purchaser;

    (b) the Exchangeable Shares shall rank prior to the Common Shares and all shares of any other class ranking subordinate to the Exchangeable Shares with respect to the distribution of assets in the event of a liquidation, dissolution or winding-up of the Purchaser;

    (c) each Exchangeable Share shall entitle the holder thereof to receive dividends from the Purchaser at the same time as, and in an amount equivalent to, dividends paid by Altera on each share of Altera Common Stock on the declaration date;

    (d) subject to compliance with applicable law, the Exchangeable Share shall entitle the holder thereof to retract such Exchangeable Share and to receive an amount equal to the market price of one share of Altera Common Stock on the retraction date, which shall be satisfied by the Purchaser delivering one share of Altera Common Stock, together with an additional amount equal to the full amount of all declared and unpaid dividends on each retracted Exchangeable Share (collectively, the "**Retraction Price**"). Notwithstanding the foregoing, upon being notified by the Purchaser of a proposed retraction by an Exchangeable Shareholder, Exchangeco will have an overriding call right (the "**Retraction Call Right**") to purchase from such Exchangeable Shareholder each Exchangeable Share proposed to be retracted at the Retraction Price;

    (e) subject to the Retraction Call Right, the Purchaser may redeem the outstanding Exchangeable Shares on or after April 19, 2005 or earlier in the event of a takeover offer for Altera, an extraordinary transaction involving Altera or the Purchaser or the number of Exchangeable Shares having fallen below a *de minimus* threshold (the "**Redemption Date**"). Upon a redemption by the Purchaser on the Redemption Date, each Exchangeable Share shall entitle the holder thereof to receive from the Purchaser for each Exchangeable Share redeemed an amount equal to the market price of one share of Altera Common Stock on the Redemption Date, which amount will be satisfied by the Purchaser delivering to such Exchangeable Shareholder one share of Altera Common Stock, together with an additional amount equal to the full amount of all declared and unpaid dividends on each Exchangeable Share up to the Redemption Date (collectively, the "**Redemption Price**"). Notwithstanding the foregoing, Exchangeco will have an overriding call right (the "**Redemption Call Right**") to purchase on the Redemption Date for the Redemption Price each Exchangeable Share proposed to be redeemed from such Exchangeable Shareholder; and

    (f) upon the liquidation, dissolution or winding-up of the Purchaser, each Exchangeable Share shall entitle the holder thereof to receive an amount equal to the market price of one share of Altera Common Stock on the liquidation date, which will be satisfied by the Purchaser delivering to such Exchangeable Shareholder one share of Altera Common Stock, together with an additional amount equal to the full amount of all declared and unpaid dividends on each Exchangeable Share (collectively, the "**Liquidation Price**"). Notwithstanding the foregoing, upon any proposed liquidation, dissolution or winding-up of the Purchaser, Exchangeco will have an overriding call right (the "**Liquidation Call**

Right") to purchase for the Liquidation Price each Exchangeable Share to be redeemed from the Exchangeable Shareholders.

16. At the closing of the Acquisition, the Purchaser, Exchangeco and Altera entered into a support agreement pursuant to which, inter alia, Altera will:

    (a) ensure that the Purchaser (i) has sufficient assets available to pay simultaneous and equivalent dividends on the Exchangeable Shares, and (ii) simultaneously declares and pays such simultaneous and equivalent dividends on the Exchangeable Shares as are paid by Altera on the shares of Altera Common Stock;

    (b) ensure that the Purchaser is able to fulfil its obligations in respect of the redemption and retraction rights and the dissolution entitlements upon liquidation that are attributes of the Exchangeable Shares; and

    (c) enable Exchangeco to fulfil its obligations in respect of its call rights.

17. In addition, at the closing of the Acquisition, Altera, Exchangeco, the Purchaser and the Exchangeable Shareholders entered into an exchange agreement (the "**Exchange Right Agreement**") pursuant to which Altera granted to the Exchangeable Shareholders an optional exchange right (the "**Optional Exchange Right**"), that may be exercised upon the insolvency of the Purchaser or upon the failure of the Purchaser to perform any of its obligations under the Exchange Share Provisions. The Optional Exchange Right, when exercised, will require Altera to purchase from an Exchangeable Shareholder all or any part of the Exchangeable Shares held by such Exchangeable Shareholder. The purchase price for each Exchangeable Share purchased by Altera under the Optional Exchange Right will be an amount equal to the market price of one share of Altera Common Stock on the trading day prior to the closing date of the purchase under the Optional Exchange Right. This purchase price will be satisfied by Altera delivering to an Exchangeable Shareholder one share of Altera Common Stock for each Exchangeable Share held, together with an additional amount equal to the full amount of all declared and unpaid dividends on each Exchangeable Share exchanged for Altera Common Stock.

18. Under the Exchange Right Agreement, the Exchangeable Shares will be automatically exchanged (the "**Automatic Exchange Right**") by Altera for shares of Altera Common Stock in the event of a voluntary or involuntary liquidation, dissolution or winding-up of Altera (an "**Automatic Exchange Event**"). In the event of an Automatic Exchange Event, each outstanding Exchangeable Share (except for those held by Altera or any of its affiliates) will be automatically exchanged for shares of Altera Common Stock prior to the effective date of the Automatic Exchange Event. The purchase price for each Exchangeable Share purchased by Altera pursuant to the Automatic Exchange Right will be an amount equal to the market price of one share of Altera Common Stock on the trading day prior to the closing date of the purchase under the Automatic Exchange Right. This purchase price will be satisfied by Altera delivering to an Exchangeable Shareholder one share of Altera Common Stock for each Exchangeable Share held, together with an additional amount equal to the full amount of all declared and unpaid dividends on each Exchangeable Share.

19. Trades of the Exchangeable Shares by the Purchaser to the Selling Shareholders, the sale by the Selling Shareholders of DesignPRO Shares to the Purchaser in consideration for Exchangeable Shares or shares of Altera Common Stock and the granting of the Retraction Call Right, the Redemption Call Right, the Liquidation Call Right, the Optional Exchange Right and the Automatic Exchange Right pursuant to the Exchange Right Agreement and certain other trades made in connection with or pursuant to the Acquisition are exempt from s. 25 and 53 of the Act;

20. Listed below are future trades in connection with or pursuant to the Acquisition that would be subject to the registration and prospectus requirements of the Act unless the ruling sought is granted:

    (a) the transfer of shares of Altera Common Stock to the Exchangeable Shareholders by the Purchaser upon the retraction of the Exchangeable Shares by an Exchangeable Shareholder;

    (b) the issuance by Altera pursuant to the Support Agreement of shares of Altera Common Stock from time to time to the Purchaser (and the contemporaneous issuance of securities by the Purchaser to Altera for such Altera Common Stock) to enable to the Purchaser to fulfil its obligations under the Exchangeable Share Provisions, including among others, upon the retraction or redemption of the Exchangeable Shares;

    (c) the issuance by Altera pursuant to the Support Agreement of Altera Common Stock to Exchangeco from time to time (and the contemporaneous issuance of securities by Exchangeco to Altera as consideration for such Altera Common Stock) to enable Exchangeco to deliver Altera Common Stock to Exchangeable Shareholders in connection with the exercise by Exchangeco of the Retraction Call Right, Redemption Call Right and Liquidation Call Right;

    (d) the trade by Exchangeco of shares of Altera Common Stock to the Exchangeable Shareholders upon Exchangeco exercising the Retraction Call Right (instead of the retraction of Exchangeable Shares);

    (e) the transfer of shares of Altera Common Stock to the Exchangeable Shareholders by the

Purchaser upon the redemption of Exchangeable Shares by the Purchaser on the Redemption Date;

(f) the trade of shares of Altera Common Stock to the Exchangeable Shareholders by Exchangeco on the Redemption Date upon Exchangeco exercising the Redemption Call Right (instead of the redemption of the Exchangeable Shares on the Redemption Date);

(g) the trade of shares of Altera Common Stock to the Exchangeable Shareholders by Exchangeco upon Exchangeco exercising the Liquidation Call Right in connection with the winding-up of the Purchaser;

(h) the transfer of Exchangeable Shares to Exchangeco by the Exchangeable Shareholders upon the exercise by Exchangeco of the Retraction Call Right;

(i) the transfer of Exchangeable Shares to Exchangeco by the Exchangeable Shareholders upon Exchangeco exercising the Redemption Call Right;

(j) the transfer of Exchangeable Shares to Exchangeco by the Exchangeable Shareholders upon Exchangeco exercising the Liquidation Call Right;

(k) the transfer of Exchangeable Shares to Altera by the Exchangeable Shareholders upon the exercise of the Optional Exchange Right; and

(l) the transfer of Exchangeable Shares to Altera by the Exchangeable Shareholders pursuant to the Automatic Exchange Right.

21. Assuming that the Selling Shareholders acquire the maximum number of shares of Altera Common Stock to which they are entitled under the Purchase Agreement and pursuant to the provisions of the Exchangeable Shares or the Exchange Right Agreement, Ontario residents who beneficially own Altera Common Stock would, immediately after the Acquisition, constitute less than 10% of the total number of holders of shares of Altera Common Stock holding less than 10% of the total issued and outstanding shares of Altera Common Stock.

22. Currently, there is no market for the shares of Altera Common Stock in Ontario and none is expected to develop.

23. None of the Purchaser, Exchangeco or Altera is a reporting issuer under the Act.

24. All disclosure material furnished to holders of shares of Altera Common Stock in the United States will be provided to Exchangeable Shareholders and the holders of shares of Altera Common Stock resident in Ontario.

25. So long as any outstanding Exchangeable Shares are held by any person other than Altera or its affiliates, Altera will remain the direct or indirect beneficial owner of all the outstanding voting shares of the Purchaser and Exchangeco.

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

IT IS RULED pursuant to subsection 74(l) of the Act that the trades of securities referred to in paragraph 20 above are not subject to sections 25 or 53 of the Act provided that the first trade of shares of Altera Common Stock acquired by an Exchangeable Shareholder pursuant to this ruling shall be a distribution unless:

(i) such trade is made in compliance with section 72(5) of the Act and section 2.18(3) of Ontario Securities Commission Rule 45-501 - *Exempt Distributions* as if the Altera Common Stock had been acquired pursuant to an exemptions referred to in section 72(5) of the Act; or

(ii) such trade is executed through the facilities of a stock exchange outside of Ontario or on the NASDAQ and such trade is made in accordance with the rules of the exchange on which the trade is made or of NASDAQ, as applicable.

August 29th, 2000.

"J. A. Geller" "Stephen N. Adams"

2.3.2 Virage Logic Corporation - ss. 74(1)

Headnote

Subsection 74(1) - issuance of shares to certain Ontario residents by non-reporting issuer pursuant to a directed share program in connection with its U.S. initial public offering exempt from section 53 of Act - first trade is a distribution unless made in accordance with subsection 72(4) or made through the facilities of a stock exchange or market outside of Ontario, subject to certain conditions.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 53, 72(4) and 74(1).

Rules Cited

Rule 14-501 - *Definitions* ((1997), 20 OSCB 4054, as amended, (1999), 22 OSCB 1173.

Rule 45-501 - *Exempt Distributions* (1998), 21 OSCB 6548.

Rule 72-501 - *Prospectus Exemption for First Trade Over A Market Outside Ontario* (1998) 21 OSCB 3873.

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

AND

IN THE MATTER OF VIRAGE LOGIC CORPORATION

RULING (Subsection 74(1))

UPON the application (the "Application") of Virage Logic Corporation ("Virage") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that certain trades in the Shares of Common Stock of Virage (the "Shares") to be made pursuant to a proposed Directed Share Program (the "Program") to two senior employees of a customer of Virage residing in the Province of Ontario, shall not be subject to section 53 of the Act;

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

AND UPON Virage having represented to the Commission as follows:

1. Virage is a corporation incorporated under the laws of California and is not a reporting issuer under the Act and has no present intention of becoming a reporting issuer under the Act.

2. Virage is currently in the process of completing an initial public offering (the "IPO") in the United States and in connection therewith has filed a registration statement on Form S-1, as amended.

3. Virage proposes to offer 3,750,000 Shares under the IPO.

4. Upon completion of the IPO, the Shares will be quoted on the Nasdaq National Market ("NASDAQ").

5. The Program is being made available to directors, officers and employees of Virage, as well as to some of its customers and suppliers and other persons associated with Virage, including the Ontario Program Participants, in connection with the IPO, all on the same terms and conditions.

6. Participation in the Program is voluntary and the preliminary and final prospectus prepared in accordance with U.S. Securities laws will be forwarded to each Ontario Program Participant who chooses to participate in the Program.

7. The Shares will be offered at a price equal to the price the Shares are being offered under the IPO.

8. The Ontario Program Participants are two (2) senior employees of a customer of the Applicant.

9. After giving effect to the IPO, the aggregate number of Shares that will be beneficially held by Ontario Program Participants residing in the Province of Ontario will be less than 1% of the issued and outstanding Shares and Ontario residents will in the aggregate hold, either legally or beneficially, less that 1% of the issued and outstanding Shares and represent less than 1% of the shareholders of Virage.

10. There is not expected to be a market for the Shares in Ontario and it is intended that any resale of Shares acquired under the Program will be effected through the facilities of the NASDAQ in accordance with its rules and regulations.

11. As a result of the relationship between Virage and the Ontario Program Participants, each of the Ontario Program Participants possess knowledge of the business and affairs of Virage.

12. Ontario Program Participants will be provided with a notice advising that Ontario Program Participants will not be entitled to the remedial rights provided under the Act in connection the distribution of securities under a prospectus filed under the Act and therefore must rely on other remedies that may be available which could include common law rights of action for damages or recission or rights of action under the civil liability provisions of U.S. federal securities law. The notice will also provide that the commencement and prosecution of any action brought by Ontario Plan Participants, and the enforcement of any judgement, may be difficult or not possible as the issuer and some or all of the issuer's officers, directors and assets may be located outside of Canada.

13. The annual reports, proxy materials and other materials generally distributed to shareholders resident in the United States will be provided to Ontario Program Participants at the same time and in the same manner

as the documents would be provided to United States resident shareholders.

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

IT IS RULED, pursuant to subsection 74(1) of the Act, that trades in Shares pursuant to the Program to Ontario Program Participants shall not be subject to section 53 of the Act, provided that the first trade in any of the Shares acquired by an Ontario Program Participant pursuant to this ruling shall be a distribution unless:

A. such trade is executed in accordance with the provisions of subsection 72(4) of the Act as modified by section 3.10 of Rule 45-501 *Prospectus Exempt Distributions*, as if the Shares has been acquired pursuant to an exemption referred to in subsection 72(4) of the Act, except that the requirement in clause 72(4)(a) which provides that the issuer not be in default of any requirement of the Act or the regulations does not have to be satisfied if the seller is not in a special relationship with the issuer, or if the seller is in a special relationship with the issuer, the seller must have reasonable grounds to believe that the issuer is not in default under the Act or the regulations, where, for these purposes, "special relationship" shall have the same meaning as in Rule 14-501 *Definitions*; or

B. such trade is made in accordance with the provisions of subsection 2.1 of Rule 72-501 *Prospectus Exemption For First Trade Over a Market Outside Ontario.*

August 15th, 2000.

"J. A. Geller" "Stephen N. Adams"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Reasons

3.1.1 Patrick Joseph Kinlin

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

AND

IN THE MATTER OF
PATRICK JOSEPH KINLIN

Hearing: August 22, 2000

Panel:	John A. Geller, Q.C.	-	Vice-Chair
	M. Theresa McLeod	-	Commissioner
	Robert W. Davis, F.C.A.	-	Commissioner
Counsel:	Ian Smith	-	For the Staff of the Ontario Securities Commission

DECISION AND REASONS

These proceedings were commenced by Notice of Hearing dated July 4, 2000. In its Statement of Allegations attached to the Notice of Hearing, the staff ("Staff") of the Commission made the following allegations.

"1. Patrick Joseph Kinlin (the "Respondent") was registered with the Commission as a salesperson with Toronto securities dealers Mutual Investco Inc. ("Mutual") (from December 1, 1984 to December 31, 1992), Wealth Works Financial Inc. ("Wealth Works") (from November 26, 1997 to July 20, 1998) and Keybase Investments Inc. ("Keybase") (from August 17, 1998 to June 22, 1999).

2. The Respondent was terminated by Mutual on December 31, 1992. In their termination letter, Mutual advised the Commission that the Respondent "carries on business in a manner inconsistent with Mutual Life Policies."

3. When Wealth Works dismissed the Respondent on July 20, 1998, Wealth Works advised the Commission that the Respondent had been dismissed for cause, specifically, for the following reasons:

- Failure...to make [himself] available for training and supervision
- Use of "cookie cutter" portfolios and failure to address [Wealthwork's] concerns over this approach
- Length of time [the Respondent] left substantial funds sitting in cash despite numerous reminders
- Misrepresentation to dealership with regard to in-house compliance procedures

4. When Keybase dismissed the Respondent on June 22, 1999, Keybase advised the Commission that the Respondent had been dismissed with cause. Keybase attached to its Notice of Termination a copy of a letter from Keybase to the Respondent, the text of which is as follows:

> In the past few days we have received calls from various parties inquiring about your whereabouts and some client calls questioning the status of their investments. We are very concerned about these inquiries and have tried to contact you by telephone at numerous times to no avail.

> Based on the serious nature of these inquiries which stipulate your involvement in undisclosed activities outside of Keybase's offerings, though to parties other than Keybase's clients, are deemed improper by that of a Keybase representative [*sic*]. By doing so, you are evading Keybase's supervision. Keybase will not tolerate such behaviour and we are hereby giving you notice that effective immediately your mutual fund licence with us is terminated.

5. During his tenure as a registrant, the Respondent was authorized to sell mutual funds and other securities to members of the public. However, while the Respondent did invest some of his clients' money in these securities, much of it was diverted by the Respondent for his own personal use.

6. On January 10, 2000, before the Honourable Mr. Justice Porter of the Ontario Court of Justice, the Respondent entered a plea of guilty to 28 counts of fraud over $5,000.00 contrary to the *Criminal Code*. Mr. Justice Porter accepted that plea, entered convictions and sentenced the Respondent to 5 years in prison. The Respondent was also ordered to make compensation in the amount of $12,582,820.75 to 63 separate individuals or couples, the victims of the Respondent's frauds.

7. The Respondent admitted before the Court that, in respect of the each of these victims, he employed a similar method of defrauding them of their money. The Respondent agreed that the following summary of his conduct, read in by Counsel for the Crown, was an accurate accounting:

> The method of the [Respondent's] scheme is consistent, and essentially applies to each and every unfortunate victim.
>
> [The Respondent] was the sole director of Kinlin Financial Services Incorporated, located at 357 Bay Street, Suite 600, in the City of Toronto. [The Respondent] was licensed in the Province of Ontario to sell life insurance, mutual funds, and guaranteed investment certificates. He was not licensed to broker stocks or bonds.
>
> Through an extensive network of social contacts and personal friends, that began almost thirty years ago, [the Respondent] actively sought funds from private individuals to invest in the markets described, including those for which he was not licensed.
>
> [The Respondent] offered a wide range of financial services to his clients that included retirement planning, investment counselling, personal and business insurance, estate planning, and estate administration. Annual information statements were provided, purporting to provide his clients with a concise picture of their financial progress, and were statements upon which his clients relied to access their investment progress, and to assess it as well.
>
> [The Respondent] also augmented his familiarity and access to his clients' affairs by preparing and filing their personal income tax returns, preparing wills that named him as the executor and often trustee of the estate, and by acquiring power of attorney.
>
> In his role, [the Respondent] often directly received cash funds from his clients, with the understanding that they'd be invested in the client's name and to their benefit. These transactions included converting existing RRSP funds, RRIF funds, GIC's and other investments into purportedly higher-yield accounts chosen by [the Respondent]. The client would provide [the Respondent] with a cheque in the amount the client intended to invest. [The Respondent] was told to invest the money, and he undertook to do so to the benefit of the client from whom he had received the money.
>
> [The Respondent] frequently advised the client verbally as to the specifics of the pending investment, and financial statements were sent out thereafter by Kinlin's company. In actuality, the financial statements were simply fabrications from blank sheets of paper tailored to reflect the false representations that [the Respondent] had made to his clients, and designed to satisfy a client's request for documentation of the transactions.
>
> All of the revenue that [the Respondent] received over the course of the years from his clients was directed to a Toronto Dominion Bank account, located on the Queensway, in the City of Etobicoke. As the money entered that account, [the Respondent] immediately withdrew the funds to support his own lavish lifestyle.
>
> .....
>
> At approximately the end of May of 1999, it appeared obvious to [the Respondent] that his fraudulent transactions were soon to be discovered. He was in dire need of money. [...]

> By June 5, 1999, [the Respondent] had desperately attempted to raise funds by demanding money of some of his friends. When this failed, he fled the country to the U.S.
>
> A Provisional Warrant was obtained for the arrest of [the Respondent] in June of 1999. American police, acting on the authority of the Provisional Warrant, arrested [the Respondent] in a hospital in Norristown, Pennsylvania, a suburb of Philadelphia.
>
> In August of 1999, the Canadian government commenced extradition proceedings for the return of [the Respondent] to face criminal charges.
>
> On September 9, 1999, [the Respondent] was returned to Canada, and on September 10 he appeared in a Toronto court to face the criminal charges outlined in the information before Your Honour today.

8. In addition to this general summary of the Respondent's *modus operandi*, Counsel for the Crown read in facts in relation to individual victims. These facts were also admitted by the Respondent. Reference was also made to Victim Impact Statements filed by the Crown. Some victims also made oral statements to the Court.

9. In the course of delivering his Reasons for Sentence, Mr. Justice Porter made the following comments:

> I must say in my experience on the bench I have not run into such a loss as I have encountered today in this matter. It is mind-boggling to say the least.
>
> You have heard counsel talk about trust. Essentially, our society is based on trust, and when people fail in their trust it is very distributing to say the least.
>
> I have listened to the people who were good enough to put their words on paper or speak to me, and I am brokenhearted for you, quite frankly. I wish I could wave a wand and say, "Here we are. Here's your money. Go home", but unfortunately you realize I can't do that, and unfortunately from what I've heard I don't think [the Respondent] is going to be able to do that either.
>
> .....
>
> But we get back to this horrendous breach of trust and the pain that it has occasioned to you. I heard the word "despicable". I couldn't agree with you more, and although as [counsel for the Respondent] points out perhaps all these funds weren't for personal use. I find that difficult to believe.

10. It is the position of Staff that the conduct alleged above, which conduct the Respondent admitted to the Court, constitutes conduct contrary to the public interest."

Staff filed a number of exhibits to prove its allegations, including transcripts of a hearing before the Honourable Mr. Justice Porter of the Ontario Court of Justice held on January 10, 2000 in which the Respondent entered the guilty plea referred to in paragraph 6 of the Statement of Allegations. Staff is entitled to rely on this transcript as evidence of the Respondent's admission of the facts which he admitted at such hearing, and Staff is also entitled to rely on the Respondent's conviction as proof of the facts which support the conviction. (See In the Matter of Larry Woods (1995), 18 OSCB 4625 at 4626).

We find that Staff has proved the facts asserted by it in its Statement of Allegations.

We agree with Mr. Justice Porter that the Respondent's conduct was "despicable". He encouraged his clients to rely on him to invest their money in their best interest, and then, in the face of his fiduciary obligations to them, made off with their money, which he used for his own purposes. The amounts involved were substantial, and the effect on those who he led to put their trust in him, and who did so, was devastating.

As the Commission said in In the Matter of Richard Thomas Slipetz (2000), 23 OSCB 5322 at 5323:

> We find that Mr. Slipetz held himself out to the witnesses Tzogas, Conlin, Demoe and Miller as an investment professional who could be relied on to advise the witness well and take care of the witness' interests, and on whom the witness could depend for disinterested investment advice. He sought and obtained the trust of these witnesses. As a result, Slipetz was in a fiduciary relationship with these witnesses and had, in equity, a strict obligation to deal fairly, honestly and in good faith with them. This obligation existed as a matter of general law. (See: *Hodgkinson v. Simms* [1994] 3 S.C.R. 337 at 419; *Burke v. Corry* (1959), 19 D.L.R. (2d) 252; *In the Matter of E.A. Manning et al.* (1995), 18 O.S.C.B 5317 at 5339.) We find that Mr. Slipetz breached his fiduciary duty, and, instead of acting in the best interests of those to whom he owed the duty, took advantage of and cheated them.
>
> We find that, instead of investing moneys which he received from these witnesses solely for investment purposes, Mr. Slipetz misappropriated these moneys and used them for his own purposes. In our view, such an action goes to the very essence of the duties and responsibilities of a registrant under the *Securities Act*. (See: *In the Matter of Thomas Douglas Thomson* (1969), 4 O.S.C.B. 160 at 164.) We can think of no more serious type of a failure by a registrant to comply with his obligations under the Act to his customers.

Staff has argued that the Respondent's conduct was so egregious that we should conclude that he should never be trusted to again trade in securities, and that, for the protection of investors and the marketplace, it is necessary for us to order that trading in any securities by the Respondent cease permanently. We agree that the Respondent's actions have made it clear that he should never again be trusted to participate in the markets of this province.

We considered, however, permitting the Respondent to trade through a registered intermediary for the account of a registered retirement savings plan of which he was the sole beneficiary. However, Staff has referred us to the Commission's decision in In the Matter of David G.C. Andrus (1998), 21 OSCB 4777 at 4784, where the Commission said, in dealing with a request to permit a respondent, whose conduct had been found to be egregious, to continue to engage in certain personal trading:

> "It is therefore for the panel to weigh the facts demonstrated in the case and decide how far it is appropriate to go in limiting the future activities of a respondent to protect the public interest".
>
> "Although excessive regulation should be avoided, when a danger to the public is demonstrated through egregious conduct, as in the present case it is better to be on the side of safety. Accordingly, we order that trading in any securities by Andrus cease permanently."

We agree. The Respondent's conduct in this case was certainly egregious. As we have said, it was despicable. In our view, we should, like the panel in Andrus, err on the side of safety, safety of investors and the marketplace.

Accordingly, we order, pursuant to paragraph 127(1)2 of the Securities Act, that trading in any securities by the Respondent cease permanently.

September 20th, 2000.

"J. A. Geller" "Theresa McLeod"

"Robert W. Davis"

Chapter 4

Cease Trading Orders

4.1.1 Temporary Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
Minpro International Ltd.	Sept 15/00	Sept 25/00	—	---

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Chapter 5

Rules and Policies

5.1 Rules and Policies

5.1 OSC Rule 35-502 - Non-Resident Advisers

NOTICE OF RULE UNDER THE SECURITIES ACT

RULE 35-502 NON-RESIDENT ADVISERS AND AMENDMENT OF REGULATIONS

Notice of Rule

The Commission has, under section 143 of the *Securities Act* (the "Act"), made Rule 35-502 Non-Resident Advisers (the "Rule").

The Rule and the material required by the Act to be delivered to the Minister of Finance were delivered on September 13, 2000. If the Minister does not approve the Rule, reject the Rule or return it to the Commission for further consideration, the Rule will come into force on November 27, 2000. If the Minister approves the Rule, the Rule will come into force 15 days after it is approved.

The Rule was published for comment on two occasions.

Substance and Purpose of Proposed Rule

The Commission considers a person or company to be acting as an adviser in Ontario if it, directly or through a third party, acts as an adviser for a person or company in Ontario, notwithstanding that the advice may be given from a place outside of Ontario or that the advice may be unsolicited. The Commission also considers a person or company to be acting as an adviser in Ontario if it, directly or through a third party, acts as an adviser for a mutual fund or a non-redeemable investment fund that distributes its securities in Ontario, notwithstanding that the advice to the fund may be given to, and received by, the fund outside of Ontario. In these circumstances, the Commission considers that the Ontario investors in the fund are acquiring the advisory services of the portfolio adviser of the fund and that the securities of the fund are distributed in Ontario for the purpose of providing these advisory services in Ontario. Therefore, the portfolio adviser of the fund is considered to be acting as an adviser to Ontario purchasers of the fund, and hence acting as an adviser in Ontario, by virtue of the distribution of securities of the fund to those purchasers.

As a result, the activities outside of Ontario of non-resident persons or companies may be such as to bring them within the ambit of the registration requirements under section 25 of the *Securities Act* (Ontario) (the "Act"). The substance and purpose of the Rule are to provide certain exemptions from section 25 of the Act for non-resident persons or companies in connection with their advisory activities in Ontario, where the nature of those activities is not such that the public interest requires registration. The substance and purpose of the Rule are also to provide those non-resident persons or companies with an exemption from certain of the requirements otherwise applicable to applicants for registration as, or registrants in the categories of, investment counsel, investment counsel and portfolio manager or securities adviser, who are prepared to accept conditions on their registration that limit the clients to whom advisory services may be provided.

The Rule is a reformulation of OSC Policy Statement No. 4.8 ("Policy 4.8") now the Rule *In the Matter of Certain Advisers* (1997), 20 OSCB 1217, as amended by (1998), 21 O.S.C.B. 6432 and (1999), 22 O.S.C.B. 6296.

Summary of Rule

Section 1.1 contains definitions of terms and phrases used in the Rule that are not defined in Rule 14-501 Definitions. Rule 14-501 Definitions sets out definitions for commonly used terms and definitions of terms used in more than one Rule and should be read together with the Rule.

Section 2.1(1) of the Rule provides that a non-resident person or company (an "international adviser applicant") wishing to register as an adviser in the category of international adviser, may do so in reliance upon the exemptions from the requirements of the Act and the Regulation made under the Act (the "Regulation") provided by the Rule and the Regulation by indicating in responding to question 1 of Form 3 that the category of registration being applied for is that of international adviser. Subsections (2) through (4) of section 2.1 of the Rule provide that an international adviser applicant, in completing a Form 3, need not complete certain specified items of Form 3.

Section 2.2 of the Rule provides that a person wishing to register as, or seek approval as, a partner, officer, representative or director must complete a Form 4 unless the information required has previously been filed by the applicant and is current and correct as of the date of the application. Section 2.2 of the Rule also provides that the person, in completing a Form 4, need not complete certain specified items of Form 4.

Part 3 of the Rule, and in particular sections 3.1, 3.2, 3.3(1), 3.4, 3.6, and 3.8 through 3.11 of the Rule, sets out those requirements of securities laws which are intended to apply to international advisers, namely sections 102 to 104, subsections 113(1), (2) and (4), subsections 115(1),(3) and (4), sections 130 to 136 and section 145 of the Regulation.

Subsection 3.3(2) of the Rule provides relief from the requirement in section 19 of the Act to produce books, records or other relevant documents in Ontario if the laws of the jurisdiction in which those books, records or documents are located prohibit their production without the consent of the relevant client, but the international adviser is required to use

its best efforts in those circumstances to obtain the client's consent. Similarly, pursuant to subsection 3.3(3), the international adviser is required to use its best efforts to obtain a client's consent to its employees or other appropriate persons attending in Ontario to give evidence in proceedings relating to its activities in Ontario.

Section 3.5 of the Rule prohibits the international adviser from compensating its
partners or officers in any manner based on the value or volume of transactions initiated for clients in Ontario.

Section 3.7 of the Rule prescribes who shall hold the securities or money of an international adviser's Ontario clients.

Section 3.12 of the Rule requires the international adviser to disclose in writing to an Ontario client, before acting for the client, that the international adviser has been exempted from certain provisions of the Act and the Regulation and that there may be difficulty enforcing any legal rights that an Ontario client may have by virtue of the international adviser's non-resident status. Section 3.13 requires the same matters to be disclosed in a prospectus filed in Ontario for a fund whose portfolio adviser is an international adviser, or whose portfolio adviser receives investment advice or portfolio management services from an international adviser.

Part 4 of the Rule establishes a procedure whereby an international adviser can obtain relief from the requirements of section 21 of the Act and section 139 of the Regulation relating to the filing of audited financial statements and from the requirements of section 2 of the Regulation relating to the preparation of those financial statements.

Part 5 of the Rule provides a procedure whereby an international adviser can obtain relief from the requirements of subsection 33(2) of the Act relating to the notification of the Director appointed under the Act of the changes specified in that subsection. Section 5.3 also provides for an exemption from Rule 35-503 Change of Registration Information, relating to information that was not required to be furnished to the Director upon the filing of the application for registration as an international adviser.

While international advisers are exempted from a number of the requirements otherwise imposed upon those applying for registration or upon registrants under the Act and Regulation, they are limited to acting in Ontario only for permitted clients, pursuant to section 6.1 of the Rule. The list of permitted clients is set out in section 1.1 of the Rule.
Under 6.2 of the Rule, an international adviser is prohibited from doing indirectly what section 6.1 prevents it from doing directly.

Pursuant to section 6.3, an international adviser cannot act as an adviser in Ontario for a type of security unless it is engaged in the business of an adviser in a foreign jurisdiction for that type of security. The international adviser is also prohibited from acting as an adviser for Canadian securities unless that activity is incidental to its acting as an adviser in Ontario for foreign securities, under section 6.4 of the Rule.

Under section 6.5 of the Rule, the revenues that the international adviser and certain affiliates may derive in any financial year from acting for clients in Ontario is limited to 25% of its aggregate consolidated gross revenues in the financial year.

Part 7 of the Rule sets out certain advisory activities that a non-resident entity can undertake in Ontario without having to be registered as an adviser in Ontario. These exemptions are the provision of unsolicited advice or portfolio management services to no more than five clients in Canada, provided certain conditions are met (section 7.1 of Rule). There is also an exemption for the provision of advice or portfolio management services to commodity pool programs by non-residents registered under the Commodity Futures Act (section 7.2 of the Rule), to a person or company registered under the Act as an investment counsel or portfolio manager or registered under the Act as a broker or investment dealer that is acting as a portfolio manager under section 148(1) of the Regulation (section 7.3 of the Rule) or to a pension plan of the non-resident's affiliates (section 7.6 of the Rule).

Part 7 of the Rule also provides certain exemptions for advisory services provided to funds. A non-resident entity may provide investment advice or portfolio management services to certain funds located outside of Ontario (section 7.4 of the Rule), to non-Canadian funds that have previously distributed securities in Ontario and are now only distributing securities in Ontario under a dividend or distribution reinvestment plan, under a right to acquire securities of the fund previously granted or in a transaction in which securities of the fund are acquired by substantially all holders of securities of a class of the fund or another fund that has the same portfolio manager (section 7.7 of the Rule). Advice or portfolio management services may also be provided to a Canadian fund that was previously sold on a prospectus exempt basis in Ontario and that is similarly now only distributing securities in Ontario on the same basis as specified in section 7.7 (section 7.8 of the Rule). Advice or portfolio management services may also be provided to a fund where the non-resident or an affiliate has acted as an adviser continuously since before May 1, 1967 and the fund has distributed securities by way of prospectus in Ontario continuously since that date (section 7.9 of the Rule), or to funds offered primarily outside of Canada that are distributed in Ontario through registrants in reliance upon a prospectus exemption (section 7.10 of the Rule).

Pursuant to section 7.11 of the Rule, if a prospectus is filed in Ontario for a fund to which advice is or portfolio management services are provided, either directly or through another portfolio adviser, by a person or company relying upon one of the registration exemptions set out in Part 7 of the Rule, the prospectus must state that there may be difficulties in enforcing legal rights against the international adviser because of its non-resident status and, if the exemption provided by section 7.3 of the Rule is being relied on, the prospectus must also state that the Ontario registrant to which advice is given by the international adviser has responsibility for that advice.

Part 8 of the Rule sets out some requirements for extra-provincial advisers. An extra-provincial adviser must be registered in another province (section 8.1 of the Rule), must inform the Director immediately upon becoming aware of a change in registration status in the other jurisdiction (section 8.2 of the Rule), and the extra-provincial adviser must have at least one counselling officer resident in Canada (section 8.3 of the Rule).

Part 9 of the Rule requires an international adviser, an extra-provincial adviser, and each partner, officer or representative of the international adviser or extra-provincial adviser to submit to jurisdiction and appoint an agent for service of process. The name and address of the agent for service must be disclosed in writing to an Ontario client, before the international adviser or extra-provincial adviser acts for the client (section 9.2 of the Rule). Pursuant to section 9.3 of the Rule, a prospectus filed in Ontario for a fund to which advice is or portfolio management services are provided, either directly or through another portfolio adviser, by an international adviser or extra-provincial adviser, must disclose the name and address of the agent for service of process of the international adviser or extra-provincial adviser.

Part 10 of the Rule permits the Director to grant an exemption to the Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

Final Amendments

The Rule has been amended since its last publication for comment ((2000) 23 OSCB 4393) as follows.

Section 6.4 of the Rule stipulates that an international adviser is restricted to acting as an adviser in Ontario for foreign securities, and can only act as an adviser in Ontario for Canadian securities if that activity is "incidental" to its acting as an adviser for foreign securities. Section 6.4 has been amended to provide additional clarification on the evaluation of "incidental" by stating that it shall be evaluated from the point of view of the adviser, on an account by account basis, and not the client.

Summary of Written Comments Received by the Commission

The Commission received one comment on the second publication of the Rule, from Fidelity Investments Canada Limited.

While the commentator was generally supportive of the Rule, concern was expressed over the fact that an analogous approach has not yet been adopted with respect to registration under the *Commodity Futures Act* ("CFA").

Until the December 1999 amendments to the CFA, pursuant to Bill 14, the *More Tax Cuts for Jobs, Growth and Prosperity Act, 1999*, the Commission did not have rule making authority under the CFA. The Commission is now able to consider making a similar rule pursuant to the CFA, however, the Commission does not want to delay implementing the Rule under the Securities Act.

Regulations to be Amended

The Commission will amend section 99 of the Regulation to add "international adviser (investment counsel, portfolio manager or securities adviser)" as an additional category of registration for advisers, and will amend section 101 of the Regulation to add as subsection (3) a provision excluding international advisers from the operation of Part V of the Regulation except as provided in subsection (4) or in this Rule.

Each of the changes to the Regulation will be effective on the day the Rule comes into force.

Text of Rule

The text of the Rule follows.

Expiry of the Rule *In the Matter of Certain Advisers* and Rescission of OSC Policy Statement No. 4.8

As provided in the Rule *In the Matter of Certain Advisers* (1997), 20 OSCB 1217, as amended, that rule expires upon the coming into force of Rule 35-502 Non-Resident Advisers, which is intended to replace it; and OSC Policy Statement No. 4.8 entitled Non Resident Advisers is rescinded.

DATED: September 22, 2000

ONTARIO SECURITIES COMMISSION RULE 35-502 NON-RESIDENT ADVISERS

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ONTARIO SECURITIES COMMISSION RULE 35-502
NON-RESIDENT ADVISERS

PART 1 DEFINITIONS AND INTERPRETATION

1.1 **Definitions** - In this Rule

"book-based system" has the meaning ascribed to that term in National Instrument 81-102 Mutual Funds;

"Canadian security" means a security other than a foreign security;

"extra-provincial adviser" means a person or company that is registered or applying for registration as an adviser under the Act, other than an international adviser or international adviser applicant, and that does not have a place of business in Ontario with partners, officers or representatives resident in Ontario who are acting on its behalf in Ontario;

"foreign security" has the meaning ascribed to that term in subsection 204(1) of the Regulation;

"Form 3" and "Form 4" mean Form 3 or Form 4 to the Regulation, respectively;

"fund" means a mutual fund or a non-redeemable investment fund;

"international adviser applicant" means a person or company applying for registration as an international adviser under the Act;

"international adviser" means

(a) a person or company that has been granted registration as an international adviser (investment counsel, portfolio manager or securities adviser) under the Act, and

(b) a registrant whose registration is subject to the restrictions set out in former Rule *In the Matter of Certain Advisers* (1997), 20 OSCB 1217, as amended;

"manager" means the person or company the directs the business, operations or affairs of a fund;

"Ontario client" means a permitted client who is ordinarily resident in Ontario;

"permitted client" means one of the following clients:

1. A bank listed in Schedule I or II to the *Bank Act* (Canada), acting as principal or as agent for accounts fully managed by it.

2. A loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*, acting as principal or as trustee or agent for accounts fully managed by it.

3. An insurance company licensed under the *Insurance Act*.

4. Each of a treasury branch, credit union or caisse populaire that, in each case, is authorized to carry on business in Ontario.

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

6. Her Majesty in right of Canada or of any jurisdiction.

7. A portfolio manager acting as principal or as agent for accounts fully managed by it.

8. A broker or investment dealer acting as principal or, as permitted by section 148 of the Regulation, as agent for accounts fully managed by it.

9. A pension fund that is regulated either by the Office of the Superintendent of Financial Institutions (Canada) or by a provincial pension commission, or a group of pension funds that are so regulated, if the pension fund has, or the group of pension funds have, net assets of at least $100 million, or its equivalent in another currency, provided that, in determining net assets, the liability of the pension fund for future pension payments shall not be included.

10. A registered charity under the ITA with assets not used directly in charitable activities or administration of at least $5 million or its equivalent in another currency.

11. An individual who has a net worth of at least $5 million or its equivalent in another currency, excluding the value of his or her principal residence, as certified by the individual.

12. A person or company that is entirely owned, legally and beneficially, by an individual or individuals referred to in paragraph 11, who hold its or their ownership interest in the person or company directly or through a trust the trustee of which is a trust company registered under the *Loan and Trust Corporations Act*.

13. A corporation that has shareholders' equity of at least $100 million on a consolidated basis or its equivalent in another currency.

14. A fund that distributes its securities in Ontario, if the manager of the fund

    (a) is ordinarily resident in a jurisdiction and is registered under the Act as a portfolio manager, broker, investment dealer or mutual fund dealer, or is registered under Canadian securities legislation other than the Act in an equivalent category of registration, and

    (b) is a party to the contract under which the international adviser provides investment advice or portfolio management services to the fund.

15. A fund that distributes its securities in Ontario only to persons or companies referred to in paragraphs 1 through 13 or described in section 7.7 or 7.8;

"portfolio adviser" means a person or company that provides investment advice or portfolio management services under a contract with a fund or with the manager of the fund; and

"submission to jurisdiction and appointment of agent for service of process form" means, for an international adviser, the form set out in Appendix A to this Rule and, for a partner, officer or representative of an international adviser, the form set out in Appendix B to this Rule.

1.2 Extended Meaning of Affiliates - An international adviser that is a partnership is considered to be affiliated with another partnership or with a company, and an international adviser that is a company is considered to be affiliated with a partnership, if the partnerships, or the partnership and the company, would be affiliates of each other under the definition of "affiliated companies" in the Act, if that definition and the related definitions of "controlled companies" and "subsidiary companies" were each read as if references to a "company" were references to a "partnership".

PART 2 INTERNATIONAL ADVISER APPLICANTS

2.1 Completion of Form 3

(1) An international adviser applicant shall complete and execute a Form 3 and shall indicate in response to question 1 of Form 3 that the applicant is applying for registration as an international adviser.

(2) An international adviser applicant is not required to complete item 3 of Form 3.

(3) An international adviser applicant is not required to complete item 11 of Form 3, other than item 11A(b).

(4) An international adviser applicant, in responding to items 9 and 10 of Form 3, need only list and provide information about

    (a) its partners, officers or representatives who will be acting on its behalf in respect of the business of the international adviser applicant in Ontario; and
    (b) each director of the international adviser applicant.

2.2 Completion of Form 4 - A person that applies for registration as a partner, officer or representative, or that seeks approval as a partner, officer, representative or director, listed in the international adviser's Form 3 pursuant to section 2.1(4) shall complete and execute a Form 4, unless the information required by Form 4 has previously been filed by the applicant and the information as previously filed is current and correct as of the date the of application, but is not required to complete items 7, 8, 10, 20 and 21 of Form 4.

PART 3 INTERNATIONAL ADVISERS

3.1 General Requirements

(1) No registration or renewal of registration shall be granted to an international adviser applicant or an international adviser unless the international adviser applicant or the international adviser has complied with the requirements of this Rule and any applicable requirements of the Regulation at the time of the granting of the registration or the renewal of registration.

(2) An international adviser and each of its partners, officers or directors registered under the Act shall comply with the requirements of this Rule and any other applicable requirements of Ontario securities law.

(3) The Commission may prescribe conditions of registration for an international adviser or its registered partners, officers or representatives, or for a group of international advisers or group of its or their registered partners, officers or representatives, that are in lieu of some or all of the conditions of registration set forth in this Rule, if the Commission gives prior notice of the proposed conditions to those persons or companies affected and affords them an opportunity to be heard and the Commission publishes notice in a publication published by the Commission of each instance when it so prescribes.

3.2 **Acquisition of an Interest in Another Registrant** - An international adviser is subject to the requirements of section 104 of the Regulation or Part 4 of Rule 33-503 Change of Registration Information when it becomes effective.

3.3 **Record Keeping and Production of Records and Witnesses**

(1) An international adviser is subject to the requirements relating to record keeping set out in subsections 113(1), (2) and (4) of the Regulation.

(2) If the laws of the foreign jurisdiction in which the books, records or documents referred to in subsection 19(3) of the Act of an international adviser are located prohibit production of the books, records or documents in Ontario without the consent of the relevant client, an international adviser shall, upon a request by the Commission under subsection 19(3) of the Act

(a) so advise the Commission; and

(b) use its best efforts to obtain the client's consent to the production of the books, records or documents.

(3) At the request of the Director, the Commission or a person appointed by the Commission to make an investigation under the Act relating to the international adviser's activities in Ontario, an international adviser shall

(a) immediately produce in Ontario, at the international adviser's expense, appropriate persons in its employ as witnesses to give evidence on oath or otherwise;

(b) if the appropriate persons referred to in paragraph (a) are not in its employ, use its best efforts immediately to produce in Ontario, at the international adviser's expense, the persons to give evidence on oath or otherwise, subject to the laws of the foreign jurisdiction that are otherwise applicable to the giving of evidence; and

(c) if the laws of a foreign jurisdiction that are otherwise applicable to the giving of evidence prohibit the international adviser or the persons referred to in paragraph (a) from giving the evidence without the consent of the relevant client

(i) so advise the Commission or the person making the request, and

(ii) use its best efforts to obtain the client's consent to the giving of the evidence.

3.4 **Standards Ensuring Fairness** - An international adviser shall adopt and maintain standards directed to ensuring fairness in the allocation of investment opportunities among the Ontario clients of the investment counsel and a copy of the standards so established shall be furnished to each Ontario client of the international adviser and filed with the Commission.

3.5 **Compensation of Partners, Officers or Representatives of International Advisers** - An international adviser shall not compensate its partners, officers or representatives in a manner that is based upon the value or the volume of the transactions initiated for the Ontario clients of the international adviser.

3.6 **Supervision of Accounts** - Subsections 115(3) and (4) of the Regulation apply to an international adviser.

3.7 **Holding of Client Assets**

(1) Subject to subsections (2) and (3), an international adviser shall ensure that the securities and money of an Ontario client are held

(a) by the Ontario client; or

(b) by a custodian or sub-custodian

(i) that meets the requirements prescribed for acting as a custodian or sub-custodian of a mutual fund in National Instrument 81-102, and

(ii) that is subject to the agreement announced by the Bank for International Settlements on July 1, 1988 concerning international convergence of capital measurement and capital standards.

(2) An international adviser or an affiliate of the international adviser that holds the securities or money of an Ontario client as custodian or sub-custodian shall hold the securities and money in compliance with sections 116, 117, 118 and 119 of the Regulation.

(3) The securities of an Ontario client may be deposited with or delivered to a depository or clearing agency that is authorized to operate a book-based system.

3.8 **Renewals of Registration** - Sections 130 to 133 of the Regulation apply to an international adviser and each of its registered partners, officers and representatives.

3.9 **Examinations** - Section 134 of the Regulation applies to an international adviser and each of its registered partners, officers and representatives.

3.10 **Amendments to Registration** - Sections 135 and 136 of the Regulation apply to an international adviser and each of its registered partners, officers and representatives.

3.11 **Conducting an Audit at the Request of the Commission** - Section 145 of the Regulation applies to an international adviser.

3.12 **Disclosure of Status to Clients** - An international adviser shall deliver to an Ontario client, before acting as an adviser to the Ontario client, a statement in writing disclosing

(a) to the extent applicable, that there may be difficulty enforcing any legal rights the Ontario client may have against the international adviser because

(i) the international adviser is ordinarily resident outside Canada and all or a substantial portion of its assets are situated outside Canada, and

(ii) if applicable, that the laws of the foreign jurisdiction in which the books, records and documents referred to in subsection 19(3) of the Act of the international adviser are located prevent the production of those books, records and documents in Ontario; and

(b) that the international adviser is not fully subject to the requirements of the Act and the regulations concerning proficiency, capital, insurance, record keeping, segregation of funds and securities and statements of account and portfolio.

3.13 **Disclosure of Status in Offering Documents** - A prospectus filed in Ontario for a fund whose portfolio adviser is an international adviser, or whose portfolio adviser receives investment advice or portfolio management services from an international adviser, shall disclose the matters referred to in section 3.12.

PART 4 EXEMPTION FROM FINANCIAL STATEMENT PREPARATION AND FILING REQUIREMENTS

4.1 **Exemption from Financial Statement Preparation Requirements and Filings** - An application under section 147 of the Act for an exemption from the requirement of subsection 21.10(3) of the Act that registrants file annual audited financial statements may consist of the following sentence if the international adviser applicant or the international adviser is not applying for registration, and is not registered, in any category of registration in addition to registration as a international adviser and if the application is made by an international adviser applicant concurrently with the filing of an application for registration or by an international adviser before or on the first anniversary of registration as an adviser after the date this Rule comes into force:

> *"We hereby apply for an exemption from the requirement of the Act that registrants file annual audited financial statements. We understand that this exemption will terminate if we become a registrant in another category of registration under the Act."*

4.2 **Order Granting Exemption** - The issuance by the Director of a certificate of registration or renewal of registration to the international adviser applicant or to the international adviser is evidence of the approval of the application made under section 4.1, if that section has been complied with, unless the exemption request is denied in writing by the Director.

PART 5 EXEMPTION FROM REPORTING OF CERTAIN CHANGES

5.1 **Exemption from Reporting of Certain Changes under the Act** - An application under subsection 33(4) of the Act for an exemption from the requirement of subsection 33(2) of the Act that advisers notify the Director of the changes in information required to be reported under that subsection, to the extent that the change required to be reported relates to information that was not required to be furnished to the Director upon the filing of the application for registration by an international adviser, may consist of the following sentence if the international adviser applicant or the international adviser is not applying for registration, and is not registered, in any category of registration in addition to registration as a international adviser and if the application is made by an international adviser applicant concurrently with the filing of an application

for registration or by an international adviser before or concurrently with the first anniversary of registration as an adviser made after the date this Rule comes into force:

> "*Subsection 33(2) of the Ontario Securities Act requires advisers to notify the Director of changes in the information required to be reported by that subsection. We hereby apply for an exemption from these requirements to the extent that the change relates to information that was not required to be furnished to the Director upon the filing of our application for registration as an international adviser. We understand that this exemption will terminate if we become a registrant in another category of registration under the Act.*"

5.2 **Order Granting Exemption** - The issuance by the Director of a certificate of registration or renewal of registration to the international adviser applicant or the international adviser is evidence of the approval of the application made under section 5.1, if that section has been complied with, unless the exemption request is denied in writing by the Director.

5.3 **Exemption from Rule 35-503** - Despite Rule 35-503 Change of Registration Information, an international adviser is not required to file an amendment to its registration or to notify the Director of a notifiable change relating to information that was not required to be furnished to the Director upon the filing of the applicant's application for registration as an international adviser.

PART 6 RESTRICTED ADVISORY ACTIVITIES FOR INTERNATIONAL ADVISERS

6.1 Permitted Clients

(1) An international adviser shall only act as an adviser in Ontario for permitted clients.

(2) In determining whether a permitted client that is a pension fund, group of pension funds, registered charity or corporation meets the financial requirements referred to in paragraphs 9, 10 and 13 of the definition of a "permitted client" in section 1.1, the international adviser may rely on the most recent audited financial statements of the permitted client.

(3) The financial requirements referred to in paragraphs 9, 10, 11 and 13 of the definition of the term "permitted client" in section 1.1 are only required to be satisfied at the time the international adviser first acts as an adviser for the client.

(4) Despite subsection (2), if an international adviser was acting as an adviser for a client on June 1, 1992 and has acted for that client continuously since that date, the financial requirements referred to in section 1.1 may be satisfied as of June 1, 1992.

6.2 **Indirect Advising** - An international adviser shall not act as an adviser in Ontario to a person or company that is not a permitted client indirectly, by providing investment advice or portfolio management services through another person or company, other than a person or company referred to in paragraphs 1, 2, 7 or 8 of the definition of "permitted client" in section 1.1 or except as permitted by Part 7.

6.3 **Advising in Another Country** - An international adviser shall not act as an adviser in Ontario for a type of security unless it is engaged in the business of an adviser in a foreign jurisdiction for that type of security.

6.4 **Advising in Respect of Foreign Securities** - An international adviser shall not act as an adviser in Ontario for Canadian securities unless this activity is incidental to its acting as an adviser in Ontario for foreign securities. Whether the activity can be considered to be incidental shall be evaluated from the point of view of the adviser, on an account by account basis, and not the client.

6.5 **Limitation on Revenues** - No more than 25 per cent of the aggregate consolidated gross revenues from advisory activities of an international adviser and its affiliates or affiliated partnerships, in any financial year of the international adviser, shall arise from the international adviser and its affiliates or affiliated partnerships acting as advisers for clients in Canada.

PART 7 EXEMPTIONS FROM REGISTRATION

7.1 Unsolicited Advising of not More than Five Clients in Canada

(1) The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, if

(a) it, and its affiliates or affiliated partnerships that are not ordinarily resident in Ontario, did not act as an adviser during the preceding 12 months for more than five clients in Canada;

(b) it acts as an adviser in Ontario in reliance upon the exemption provided by this section solely for permitted clients, other than a fund;

(c) it does not solicit clients in Ontario;

(d) its acting as an adviser in Ontario for Canadian securities is incidental to its acting as an adviser in Ontario for foreign securities;

(e) before advising an Ontario client, it notifies the Ontario client that it is not registered as an adviser in Ontario; and

(f) all assets of its Ontario clients are held by persons or companies that meet the requirements of paragraph 3.7(1) or are referred to in subsection 3.7(3).

(2) For purposes of paragraph (1)(a), in determining if a person or company has acted as an adviser for more than five clients in Canada

(a) two or more persons who are or intend to become the joint registered owners of securities or an account in respect of which the person or company acts as an adviser are counted as one client;

(b) a person or company acting as trustee or agent for more than one fully managed account is counted as one client;

(c) clients referred to in sections 7.2 through 7.9 are excluded; and

(d) clients who would be excluded by sections 7.2 through 7.9 if they were residents of Ontario are excluded.

7.2 Commodity Pool Programs - The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, that is registered under the *Commodity Futures Act,* in connection with that person or company acting as a portfolio adviser to a mutual fund that is subject to National Instrument 81-104 Commodity Pools or to a non-redeemable investment fund that would be subject to that National Instrument if it were a mutual fund.

7.3 Sub-Adviser for a Registrant

(1) The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, in connection with that person or company acting as an adviser for an investment counsel or portfolio manager, or for a broker or investment dealer acting as a portfolio manager as permitted by subsection 148(1) of the Regulation, if

(a) the obligations and duties of the person or company so acting as an adviser are set out in a written agreement with the registrant;

(b) the registrant contractually agrees with its clients on whose behalf investment advice is or portfolio management services are to be provided to be responsible for any loss that arises out of the failure of the person or company so acting as an adviser

(i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the registrant and each client of the registrant for whose benefit the advice is or portfolio management services are to be provided, or

(ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

(c) the registrant cannot be relieved by its clients from its responsibility for loss under paragraph (b); and

(d) the person or company so acting as an adviser, if a resident of a jurisdiction, is registered as an adviser in the jurisdiction.

7.4 **Advising Funds Outside Ontario** - The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, in connection with that person or company acting as a portfolio adviser to a fund that does not have an address in Ontario, if

(a) advice to the fund is given and received or portfolio management services are provided outside of Ontario; and

(b) the person or company is registered in a jurisdiction in a category of registration that permits the person or company to provide discretionary portfolio management services or as a broker or investment dealer acting as a portfolio manager as permitted by a provision similar to subsection 148(1) of the Regulation.

7.5 **Advising Advisers to Funds Outside Ontario** - The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, in connection with that person or company acting as an adviser to a portfolio adviser to a fund exempted from the adviser registration requirements under section 7.4, if

(a) the obligations and duties of the person or company are set out in a written agreement with the portfolio adviser to the fund;

(b) the portfolio adviser to the fund contractually agrees with the fund to be responsible for any loss to the fund that arises out of the failure of the person or company

(i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the fund, or

(ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

(c) the portfolio adviser to the fund cannot be relieved by the fund or its securityholders from its responsibility for loss under paragraph (b); and

(d) the person or company, if a resident of a jurisdiction, is registered as an adviser in the jurisdiction.

7.6 **Advising Pension Funds of Affiliates** - The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, in connection with that person or company acting as an adviser for a pension fund sponsored by an affiliate of the person or company for the benefit of the employees of the affiliate or affiliates of the affiliate.

7.7 **Distributions to Existing Holders** - The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, in connection with that person or company acting as a portfolio adviser to a fund, if the fund

(a) does not have an address in Canada;

(b) is not organized under the laws of Canada or a jurisdiction; and

(c) only distributes securities to a person or company in Ontario in a distribution to which the prospectus requirements of the Act would apply but for the availability of one or more of the exemptions contained in

(i) Rule 81-501 Mutual Fund Reinvestment Plans,

(ii) subclause 72(1)(f)(iii) of the Act, or

(iii) in a transaction in which securities of the fund are acquired by substantially all holders of securities of a class of the fund or another fund that has the same portfolio adviser.

7.8 **Existing Privately Placed Funds** - The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, in connection with that person or company acting as a portfolio adviser to a fund, if the fund

(a) has sold its securities in Ontario in a distribution to which the prospectus requirements of the Act would apply but for the availability of one or more of the exemptions contained in clause 72(1)(a) or (c) of the Act, in clause 72(1)(d) or (p) of the Act subject to compliance with the requirements of Rule 45-501 Prospectus Exempt Distributions, or in subsection 1.2(a) of Rule 32-503 Registration and Prospectus Exemption for Trades by Financial Intermediaries in Mutual Fund Securities to Corporate Sponsored Plans; and

(b) only distributes securities to a person or company in Ontario in a distribution to which the prospectus requirements of the Act would apply but for the availability of one or more of the exemptions contained in

(i) Rule 81-501 Mutual Fund Reinvestment Plans,

(ii) subclause 72(1)(f)(iii) of the Act, or

(iii) in a transaction in which securities of the fund are acquired by substantially all holders of securities of a class of the fund or another fund that has the same portfolio adviser.

7.9 **Funds Managed Under Prior Legislation** - The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, in connection with that person or company acting as a portfolio adviser to a fund, if

(a) the person or company or an affiliate of the person or company has acted continuously as a portfolio adviser to the fund since before May 1, 1967;

(b) securities of the fund have continuously been distributed in Ontario since May 1, 1967 by means of a prospectus prepared and filed in accordance with the Act or its predecessor legislation; and

(c) the person or company has not been registered as an adviser.

7.10 **Privately Placed Funds Offered Primarily Abroad** - The adviser registration requirement does not apply to a person or company, not ordinarily resident in Ontario, in connection with the person or company acting as a portfolio adviser to a fund, if the securities of the fund are

(a) primarily offered outside of Canada;

(b) only distributed in Ontario through one or more registrants; and

(c) distributed in Ontario in reliance upon an exemption from the prospectus requirements of the Act.

7.11 **Disclosure in Offering Documents** - A prospectus filed in Ontario for a fund whose portfolio adviser is relying upon an exemption from the adviser registration requirements provided by this Part, or whose portfolio adviser receives investment advice or portfolio management services from a person or company that relies upon an exemption from the adviser registration requirements provided by this Part, shall include disclosure that

(a) if the person or company is advising a registrant in reliance on the exemption in section 7.3 or a portfolio adviser in reliance upon the exemption in section 7.5, the registrant or portfolio adviser has responsibility for the investment advice given or portfolio management services provided by the person or company; and

(b) to the extent applicable, there may be difficulty in enforcing any legal rights against the person or company because it is resident outside Canada and all or a substantial portion of its assets are situated outside Canada.

PART 8 EXTRA-PROVINCIAL ADVISERS

8.1 **Registration in Another Province** - A person or company applying for registration as an adviser under the Act that is an extra-provincial adviser shall be registered under securities legislation of the jurisdiction in which the head office or principal place of business of the person or company is located in a category of registration that permits the person or company to carry on the activities in that jurisdiction that registration as an adviser under the Act would permit the person or company to carry on in Ontario.

8.2 **Change in Registration Status in Another Jurisdiction** - An extra-provincial adviser shall inform the Director immediately upon the extra-provincial adviser becoming aware that the registration of the extra-provincial adviser in another jurisdiction

(a) is not being renewed, is lapsing or is being suspended, cancelled, revoked or is becoming restricted by the imposition of any terms or conditions; or

(b) is the subject of an investigation by a securities regulatory authority other than the Commission.

8.3 **Counselling Officer Resident in Canada** - An extra-provincial adviser shall have at least one officer resident in Canada who is registered as a counselling officer in accordance with section 3.2 of Rule 31-502 Proficiency Requirements for Registrants.

PART 9 SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS FORMS

9.1 **Submission to Jurisdiction** - An international adviser, an extra-provincial adviser and each partner, officer or representative of an international adviser or an extra-provincial adviser seeking registration under the Act shall file as part of his, her or its application for registration an executed submission to jurisdiction and appointment of agent for service of process form.

9.2 **Disclosure of Submission to Jurisdiction to Clients** - An international adviser or an extra-provincial adviser shall deliver to an Ontario client, before acting as an adviser to the Ontario client, a statement in writing disclosing the name and address of the agent for service of process of the international adviser or extra-provincial adviser in Ontario appointed by the international adviser or extra-provincial adviser or that this information is available from the Commission.

9.3 **Disclosure of Submission to Jurisdiction in Offering Documents** - A prospectus filed in Ontario for a fund whose portfolio adviser is an international adviser or an extra-provincial adviser, or whose portfolio adviser receives investment advice or portfolio management services from an international adviser or an extra-provincial adviser, shall disclose the matters referred to in section 9.2.

PART 10 EXEMPTION

10.1 **Exemption** - The Director may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

ONTARIO SECURITIES COMMISSION RULE 35-502
NON-RESIDENT ADVISERS

APPENDIX A

FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS BY A NON-RESIDENT ADVISER

1. Name of the applicant (the "Applicant"):_____

2. Jurisdiction of incorporation or organization of the Applicant:_____

3. Name of agent for service of process (the "Agent"):_____

4. Address for service of process of the Agent in Ontario:_____

_____

5. The Applicant designates and appoints the Agent at the address stated above as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (each, a "Proceeding") arising out of or relating to or concerning the Applicant's activities as an adviser in Ontario, and irrevocably waives any right to raise as defence in any Proceeding any alleged lack of jurisdiction to bring that Proceeding.

6. The Applicant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of Ontario and any administrative proceeding in Ontario, in any Proceeding arising out of or related to or concerning the Applicant's activities as an adviser in Ontario.

7. Until six years after the Applicant ceases to be registered as an adviser in Ontario, the Applicant shall file

   (a) a new Submission to Jurisdiction and Appointment of Agent for Service of Process in this form at least 30 days before termination for any reason of this Submission to Jurisdiction and Appointment of Agent for Service of Process and immediately after the death or incapacity of the Agent or the Agent ceasing to carry on business; and

   (b) an amended Submission to Jurisdiction and Appointment of Agent for Service of Process at least 30 days before any change in the name or address of the Agent from that set forth above.

8. This Submission to Jurisdiction and Appointment of Agent for Service of Process is governed by and construed in accordance with the laws of Ontario.

Dated: _____

[Name of Applicant]

By: _____
(Signature of authorized signatory)

_____
(Name and title of authorized signatory)

Acceptance

The undersigned accepts the appointment as agent for service of process of _____ **(Insert name of Applicant)** under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service of Process and agrees to deliver to the Ontario Securities Commission (the "Commission") a copy of each document served on the undersigned as agent for service of process of the Applicant, within five days of the date the document was served on the undersigned, and to advise the Commission immediately if the undersigned is unable to deliver to the Applicant a copy of a document served on the undersigned as Agent.

Dated: _____

_____
(Signature of Agent or authorized signatory)

_____
(Name and Title of Authorized Signatory)

ONTARIO SECURITIES COMMISSION RULE 35-502
NON-RESIDENT ADVISERS

APPENDIX B

FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS BY NON-RESIDENT PARTNERS, OFFICERS OR REPRESENTATIVES OF A NON-RESIDENT ADVISER

1. Name of the adviser (the "Registrant"):_____

2. Jurisdiction of incorporation or organization of the Registrant:_____

3. Name and address of person filing this form (the "Filing Person"):_____

4. Name of agent for service of process (the "Agent"):_____

5. Address for service of process of the Agent in Ontario:_____

6. The Filing Person designates and appoints the Agent at the address of the Agent stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (each, a "Proceeding") arising out of or relating to or concerning the Filing Person's activities in Ontario as a registrant under the *Securities Act* (Ontario) (the "Act"), and irrevocably waives any right to raise as a defence in any Proceeding any alleged lack of jurisdiction to bring that Proceeding.

7. The Filing Person irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of Ontario and any administrative proceeding in Ontario, in any Proceeding arising out of or related to or concerning the Filing Person's activities in Ontario as a registrant under the Act.

8. Until the earlier of the termination of the Filing Person's position as a partner, officer or representative of the Registrant and six years after the Registrant ceases to be a registrant under the Act, the Filing Person shall file

   (a) a new Submission to Jurisdiction and Appointment of Agent for Service of Process in this form at least 30 days prior to termination for any reason of this Submission to Jurisdiction and Appointment of Agent for Service of Process and immediately after the death or incapacity of the Agent or the Agent ceasing to carry on business; and

   (b) an amended Submission to Jurisdiction and Appointment of Agent for Service of Process at least 30 days before any change in the name or address of the Agent as set forth above.

9. This Submission to Jurisdiction and Appointment of Agent for Service of Process is governed by and construed in accordance with the laws of Ontario.

Dated: _____

_____
(Signature of Filing Person)

_____
(Name of Filing Person)

Acceptance

The undersigned accepts the appointment as agent for service of process of _____ **(Insert name of Filing Person)** pursuant to the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service of Process and acknowledges agrees to deliver to the Ontario Securities Commission (the "Commission") a copy of each document served on the undersigned as agent for service of process of the Filing Person, within five days of the date the document was served on the undersigned, and to advise the Commission immediately if the undersigned is unable to deliver to the Filing Person a copy of a document served on the undersigned as Agent.

Dated: _____

_____
(Signature of Agent or authorized signatory)

_____
(Name and title of authorized signatory)

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**REGULATION TO AMEND
REGULATION 1015 OF THE REVISED REGULATIONS
OF ONTARIO, 1990
MADE UNDER THE
SECURITIES ACT**

Note: Since the end of 1999, Regulation 1015 has been amended by Ontario Regulations 3/00, 108/00, 133/00, 222/00, 342/00 and 468/00. Previous amendments are listed in the Table of Regulations published in *The Ontario Gazette* dated January 22, 2000.

1. Section 99 of Regulation 1015 of the Revised Regulations of Ontario, 1990 is amended by adding the following paragraph:

5. International advisers (investment counsel, portfolio managers or securities advisors), being persons or companies that have registered under the Act in reliance on Ontario Securities Commission Rule 35-502 *Non-Resident Advisers* and that are,

   i. investment counsel,

   ii. investment counsel and portfolio managers, or

   iii. securities advisers.

2. Section 101 of the Regulation is amended by adding the following subsections:

(3) Subject to subsection (4), this Part does not apply to an international adviser (investment counsel, portfolio manager or securities adviser) except as provided in Ontario Securities Commission Rule 35-502 *Non-Resident Advisers*.

(4) Section 99 applies to an international adviser (investment counsel, portfolio manager or securities adviser).

3. This Regulation comes into force on the day that the rule made by the Ontario Securities Commission on September 12, 2000 entitled "Ontario Securities Commission Rule 35-502 *Non-Resident Advisers*" comes into force.

Ontario Securities Commission:

.....
Vice Chair

.....
(Print Name)

.....
Commissioner

.....
(Print Name)

Dated on ....., 2000.

Note: The rule made by the Ontario Securities Commission on September 12, 2000 entitled "Ontario Securities Commission Rule 35-502 *Non-Resident Advisers*" comes into force on ....., 2000.

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Chapter 6

Request for Comments

THERE IS NO MATERIAL FOR THIS CHAPTER

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds Issuers of exempt financings that they are responsible for the completeness, accuracy and timely filing of Forms 20 and 21 pursuant to section 72 of the Securities Act and section 14 of the Regulation to the Act. The information provided is not verified by staff of the Commission and is published as received except for confidential reports filed under paragraph E of the Ontario Securities Commission Policy Statement No. 6.1.

Reports of Trades Submitted on Form 45-501f1

Trans. Date	Security	Price ($)	Amount
01Sep00	ABC Fundamental-Value Fund - Units	300,573	27,048
07Aug00	Active Power, Inc. - Common Stock	1,744,995	68,550
16Aug00	Acuity Pooled Canadian Equity Fund - Units	150,223	7,275
21Aug00	Acuity Pooled Conservative Asset Allocation Fund - Trust Units	150,000	9,858
16Aug00	Acuity Pooled Balanced Fund - Units	150,000	9,888
29Aug00	Asia Minerals Corp. - Units	187,500	1,250,000
26Jul00	Axxent Inc. - Series 3 Preferred Shares	3,252,715	355,488
01Sep00	Bakbone Software Inc. - Common Shares and SWA Warrants	262,500	15,000, 7,500 Resp.
01Aug00	Bank of Ireland Asset Management Limited -	140,248	9,403
01Sep00	Bank of Ireland Asset Management Limited -	800,000	53,650
17Aug00	Borderfree Inc. - Series B Convertible Preferred Stock	11,000,000	9,598,604
23Aug00	Brainhunter.com Ltd. - Class A 8% Convertible Non-Cumulative Voting Preferred Shares	8,500,000	13,000,000
31Aug00	BrandEra.com Inc. - Special Units	US$3,275,000	5,000,000
01Sep00	Burgundy Small Cap Value Fund - Units	160,749	4,729
28Aug00 to 01Sep00	Burgundy Smaller Companies Fund - Units	310,749	20,141
29Aug00	Colossal Resources Corp. - Units	375,000	227,273
Aug00	Connor Clark Private Trust -	US$5,523,217	5,523,217
Aug00	Connor Clark Private Trust -	13,169,618	13,169,618
03Aug00	Crosswave Communications Inc. - American Depository Shares	561,932	26,850
02Aug00	Dollar Tree Stores, Inc. - Common Shares	1,297,573	21,700
17Aug00	Dynetek Industries Ltd. - Special Warrants	4,104,002	1,115,218
31Aug00	Electronics Manufacturing Group Inc. - Special Warrants	900,000	180,000
10Aug00	Equinix, Inc. - Common Stock	3,230,064	180,000
28Mar00	FirstClass Systems Corporation - Units	13,500	54,000
28Aug00	Galileo Special Equity Fund - Units	7,000,000	485,878
31Aug00	Gateway Telecom Canada Inc. - Special Warrants	2,500,000	125,000
01Sep00	Gluskin Sheff Fund, The - Units	4,288,557	38,686
28Aug00	Go Clicking.com I Limited Partnership - Units	250,000	500
18Aug00	HCA-The Healthcare Company - 8.75% Notes due 2010	1,482,900	1,000,000

Trans. Date	Security	Price ($)	Amount
03Jul00	Hermes Lens Asset Management Limited - Limited Partnership Interest	111,915,000	1
02Aug00	iAsiaWorks, Inc. - Common Stock	254,581	13,1000
31Aug00	Institutional Small-Cap Stock Fund - Shares	11,593,575	719,178
30Aug00	L.E.H. Ventures Ltd. - Units	258,150	860,500
30Aug00	MakeaRez.com Inc. - Common Shares	160,000	1,920,000
31Aug00	Marquest Balanced Fund #750 -	1,474,792	102,822
31Aug00	Marquest Canadian Equity Fund #650 -	152,182	14,179
31Aug00	Marquest Canadian Equity Growth Fund #501 -	436,870	14,362
31Aug00	Marquest Technology Fund #401US -	1,872,834	183,323
31Aug00	Marquest US Equity Growth Fund #301US -	150,000	5,919
30Aug00	Medbroadcast Corporation - Units	10,000,000	3,333,333
31Aug00	MethlyGene Inc. - Class A Shares	1,999,998	701,754
04Aug00	Microtune, Inc. - Common Stock	193,868	8,100
01Sep00 to 08Sep00	Net Integration Technologies Inc. - Common Shares	US$243,000	486,000
06Sep00	Norigen Communications Group Inc. - Class A Shares	11,630,217	1,697,842
04Aug00	Nu-Wave Photonics - Class C Preferred Shares	420,000	60,000
23Aug00	Nu-Wave Photonics - Class C Preferred Shares	1,330,000	190,000
23Aug00	Nu-Wave Photonics - Class C Preferred Shares	105,000	15,000
23Aug00	Nu-Wave Photonics - Class C Preferred Shares	52,500	7,500
04Aug00	Nu-Wave Photonics - Class C Preferred Shares	262,500	37,500
23Aug00	Nu-Wave Photonics - Class C Preferred Shares	210,000	21,000
31Aug00	O'Donnell Capital Group Inc. - Class A Special Shares	3,050,000	3,050,000
01Sep00	Oechsle Non-U.S. Commingled Fund, L.L.C. - Units	40,000,000	1,004,673
31Aug00	Opti Canada Inc. - Class A Common Shares	89,022	6,604
01Mar00	Patrician Consolidated Gold Mines Ltd. - Common Shares and Common Shares Purchase Warrants	105,427	351,424
17Aug00	Providian Financial Corporation - 3.25% Convertible Senior Notes due 15Aug05	7,419,500	50,000
14Aug00	RailAmerica Transportation Corp. - Units	10,472,071	7,500
09Aug00	Regeneration Technologies, Inc. - Common Stock	US$282,800	20,200
01Sep00	Regional Cablesystems Inc. - Common Shares	4,021	299
02Aug00	Resonate Inc. - Common Stock	981,028	31,250
25Aug00	Rogers Sugar Ltd. - 8.173% Senior Secured Debentures due 2005	77,000,000	77,000,000
31Aug00	Sandford C. Burnstein International Equity (Cap-weighted, Unhedged Fund - Units	25,000	909
31Aug00	Sandford C. Burnstein U.S. Diversified Value Equity Fund - Units	580,000	19,256
31Aug00	Sandford C. Burnstein U.S. Diversified Value Equity Fund - Units	350,000	11,620
31Aug00	Sandford C. Burnstein U.S. Diversified Value Equity Fund - Units	70,000	2,324
31Aug00	Sandford C. Burnstein International Equity (Cap-weighted, Unhedged Fund - Units	300,000	10,909
31Aug00	Sandford C. Burnstein International Equity (Cap-weighted, Unhedged Fund - Units	140,000	5,090
03Aug00	Silanis Technology Inc. - Units	1,500,000	5,086,520
08Sep00	Silicon Video Inc. - Common Shares , Series A and AA Preferred Shares	263,000, 2,021,462, 1,683,500	263,000, 2,021,462, 1,683,500 Resp.
13Sep00	Skulogix, Inc. - Series B Preferred Shares	34,674,487	7,057,170
13Jun00	SNG.COM Inc. - Common Shares	3,003,006	2,002,004
05Sep00	Stacey Investment Limited Partnership - Limited Partnership Units	275,030	13,229
16Aug00	Teledyne Technologies Incorporation - Common Stock	697,741	24,000
05Sep00 to 08Sep00	Trimark Mutual Funds - Units (See Filing Document for Individual Fund Names)	1,459,738	173,580
28Aug00 to 01Sep00	Trimark Mutual Funds - Units (See Filing Document for Individual Fund Name)	1,560,532	161,486

Trans. Date	Security	Price ($)	Amount
29Aug00	Triple Crown Electronics Inc. - Common Shares	1,729,162	7,255,114
08Aug00	Tvia, Inc. - Common Stock	786,500	50,000
10Aug00	UroTeq Inc. - Common Shares	105,000	52,500
05Jul00 to 30Aug00	Vanguard Total Stock Index Fund and Vanguard Institutional Index Fund - Units	3,590,000	38,131
01Sep00	Venture Coaches Fund LP - Class B Limited Partnership Units	2,000,000	2,000,000
31Aug00	Vertex Fund Limited Partnership - Limited Partnership Units	150,000	6,043
30Sep99	VMI Medical Inc. - Convertible Debt, Shares Purchase Warrant	US$160,000	15,000
28Aug00	Ward Laboratories Inc. - Common Shares	200,000	114,286

Notice of Intention to Distribute Securities Pursuant to Subsection 7 of Section 72 - (Form 23)

Seller	Security	Amount
Paros Enterprises Limited	Acktion Corporation - Common Shares	2,000,000
Paros Enterprises Limited	Acktion Corporation - Common Shares	2,000,000
Melnick, Larry	Champion Natural Health.com Inc.	29,900
SLMsoft.com Inc.	Infocorp Computer Solutions Ltd. - Common Shares	1,575,000
Baran, Steve	Meridian Resources Inc. - Shares	3,600,000
Malion, Andrew J.	Spectra Inc. - Common Shares	154,500
Faye, Michael R.	Spectra Inc. - Common Shares	154,500
PJT Family Corp.	Thomson Corporation, The - Common Shares	96,531
1134675 Ontario Limited	Thomson Corporation, The - Common Shares	37,291

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Chapter 9

Legislation

THERE IS NO MATERIAL FOR THIS CHAPTER

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
AIC Global Developing Technologies Fund
AIC RSP Global Developing Technologies Fund
AIC Global Science & Technology Fund
AIC RSP Global Science & Technology Fund
AIC Global Medical Discoveries Fund
AIC RSP Global Medical Discoveries Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated September 14th, 2000
Mutual Reliance Review System Receipt dated September 15th, 2000
Offering Price and Description:

Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Registered Dealer
Promoter(s):
AIC Limited
Project #298129

Issuer Name:
BCB Voice Systems Inc.
Principal Regulator- Ontario
Type and Date:
Preliminary Prospectus dated September 13th, 2000
Mutual Reliance Review System Receipt dated September 15th, 2000
Offering Price and Description:
$ * - * Common Shares
Underwriter(s), Agent(s) or Distributor(s):
Thomson Kernaghan & Co. Limited
Haywood Securities Inc.
Promoter(s):
N\A
Project #298016

Issuer Name:
CryoCath Technologies Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated September 12th, 2000
Mutual Reliance Review System Receipt dated September 14th, 2000
Offering Price and Description:
$ * - * Common Shares
Underwriter(s), Agent(s) or Distributor(s):
Yorkton Securities Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Loewen, Ondaatje, McCutcheon Limited
Promoter(s):
N/A
Project #297760

Issuer Name:
EnerVest Natural Resource Fund Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Simplified Prospectus dated Augustus 31st, 2000
Mutual Reliance Review System Receipt dated September 15th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
EnerVest Natural Resource Fund Ltd.
Promoter(s):
EnerVest Natural Resource Fund Ltd.
Project #297127

Issuer Name:
Engineering.com Incorporated
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated September 18th, 2000
Mutual Reliance Review System Receipt dated September 19th, 2000
Offering Price and Description:
$12,000,000 - 6,000,000 Common Shares and 3,000,000 Common Purchase Warrants issuable upon the conversion of 6,000,000 Series A Special Shares
Underwriter(s), Agent(s) or Distributor(s):
Yorkton Securities Inc.
Promoter(s):
Rand A Technology Corporation
Project #298175

Issuer Name:
Global Leading Companies Trust, 2000 Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated September 15th, 2000
Mutual Reliance Review System Receipt dated September 15th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
First Defined Portfolio Management Inc.
Promoter(s):
First Defined Portfolio Management Inc.
Project #298255

Issuer Name:
Global Thermoelectric Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated September 15th, 2000
Mutual Reliance Review System Receipt dated September 18th, 2000
Offering Price and Description:
2,900,000 Common Shares Issuable Upon The Exercise of Specail Warrants
Underwriter(s), Agent(s) or Distributor(s):
Sprott Securities Limited
Goepel Mcdermid Inc.
TD Securities Inc.
Promoter(s):
Pery James
Project #298210

Issuer Name:
Green Line Canadian Money Market Fund
Green Line Canadian Bond Fund
Green Line Balanced Growth Fund
Green Line Value Fund
Green Line Canadian Equity Fund
Green Line U.S. Blue Chip Equity Fund
Green Line U.S. Blue Chip Equity RSP Fund
Green Line U.S. Mid-Cap Growth Fund
Green Line Entertainment & Communications Fund
TD Entertainment & Communications RSP Fund
Green Line Science & Technology Fund
Green Line Science & Technology RSP Fund
Green Line Health Sciences Fund
TD Health Sciences RSP Fund
TD E-Business Fund
TD E-Business RSP Fund
TD Global Wireless & Telecom Fund
TD Global Wireless & Telecom RSP Fund
TD Global Biotechnology Fund
TD Global Biotechnology RSP Fund
Green Line Global Select Fund
Green Line Global Select RSP Fund
Green Line International Equity Fund
Green Line Emerging Markets Fund
TD Emerging Markets RSP Fund
Green Line Canadian Government Bond Index Fund
Canada Trust Canadian Bond Index Fund
Green Line Canadian Index Fund
Green Line Dow Jones Industrial Average Index Fund
Green Line U.S. Index Fund
Green Line U.S. RSP Index Fund
Green Line Nasdaq RSP Index Fund
Canada Trust International Equity Index Fund
Green Line International RSP Index Fund
Green Line European Index Fund
Green Line Japanese Index Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated September 11th, 2000
Mutual Reliance Review System Receipt dated September 14th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
TD Asset Management Inc.
Promoter(s):
N/A
Project #297859

Issuer Name:
Merrill Lynch Mortgage Loans Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated September 18th, 2000
Mutual Reliance Review System Receipt dated September 19th, 2000
Offering Price and Description:
$115,000,000 (Approximate) - BMCC Corporate Centre Pass-Through Certificates, Series 2000 - BMCC
Underwriter(s), Agent(s) or Distributor(s):
Merrill Lynch Canada Inc.
Promoter(s):
Merrill Lynch Canada Inc.
Project #298713

Issuer Name:
Merrill Lynch Triple A 50 Fund
Merrill Lynch Triple A 50 RSP Fund
Merrill Lynch Global Growth RSP Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated September 18th, 2000
Mutual Reliance Review System Receipt dated September 19th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Atlas Asset Management Inc.
Promoter(s):
Atlas Asset Management Inc.
Project #298749

Issuer Name:
NAL Oil & Gas Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated September 15th, 2000
Mutual Reliance Review System Receipt dated September 15th, 2000
Offering Price and Description:
$38,270,000 - 4,300,000 Trust Units
Underwriter(s), Agent(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
Goepel McDermid Inc.
National Bank Financial Inc.
TD Securities Inc.
Promoter(s):
N/A
Project #298399

Issuer Name:
Patheon Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated September 15th, 2000
Mutual Reliance Review System Receipt dated September 18th, 2000
Offering Price and Description:
$ * - * Common Shares
Underwriter(s), Agent(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Paradigm Capital Inc.
Canaccord Capital Corporation
Promoter(s):
N/A
Project #298444

Issuer Name:
Pembina Pipeline Income Fund
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated September 15th, 2000
Mutual Reliance Review System Receipt dated September 18th, 2000
Offering Price and Description:
$ * - * Trust Units
Underwriter(s), Agent(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Promoter(s):
N/A
Project #298498

Issuer Name:
RioCan Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated September 12th, 2000
Mutual Reliance Review System Receipt dated September 13th, 2000
Offering Price and Description:
$63,350,000 - 7,000,000 Units
Underwriter(s), Agent(s) or Distributor(s):
CIBC World Markets Inc.
National Bank Financial Inc.
Merrill Lynch Canada Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Promoter(s):
Project #297691

Issuer Name:
Stellar International Inc.
Type and Date:
Preliminary Prospectus dated September 11th, 2000
Receipted September 13th, 2000
Offering Price and Description:
$ * - * Units
Underwriter(s), Agent(s) or Distributor(s):
Patica Securities Inc.
Promoter(s):
N/A
Project #297620

Issuer Name:
StressGen Biotechnologies Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated September 19th, 2000
Mutual Reliance Review System Receipt dated September 19th, 2000
Offering Price and Description:
$25,326,600 - 7,449,000 Common Shares (issuable upon the exercise of previously issued Special Warrants)
Underwriter(s), Agent(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Goepel McDermid Inc.
Promoter(s):
N/A
Project #299146

Issuer Name:
Templeton Growth Fund, Ltd.
Templeton Growth RSP Fund
Templeton International Stock Fund
Templeton International Stock RSP Fund
Templeton Emerging Markets Fund
Templeton Emerging Markets RSP Fund
Templeton Global Smaller Companies Fund
Templeton Global Smaller Companies RSP Fund
Templeton Global Balanced Fund
Templeton Global Balanced RSP Fund
Templeton International Balanced Fund
Templeton Canadian Stock Fund
Templeton Canadian Asset Allocation Fund
Franklin U.S. Large Cap Growth Fund
Franklin U.S. Large Cap Growth RSP Fund
Franklin U.S. Aggressive Growth Fund
Franklin U.S. Aggressive Growth RSP Fund
Franklin U.S. Small Cap Growth Fund
Franklin U.S. Small Cap Growth RSP Fund
Franklin World Health Sciences and Biotech Fund
Franklin World Health Sciences and Biotech RSP Fund
Franklin World Telecom Fund
Franklin World Telecom RSP Fund
Franklin Technology Fund
Franklin Technology RSP Fund
Franklin U.S. Money Market Fund
Mutual Beacon Fund
Mutual Beacon RSP Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated September 15th, 2000
Mutual Reliance Review System Receipt dated September 20th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Templeton Management Limited
Promoter(s):
N/A
Project #299053

Issuer Name:
WavePOINT Systems Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated September 15th, 2000
Mutual Reliance Review System Receipt dated September 20th, 2000
Offering Price and Description:
$ * - * Common Shares, 4,340,000 Common Shares and 4,340,000 Common Shares Purchase Warrants issuable upon exercise of previously issued Special Warrants
Underwriter(s), Agent(s) or Distributor(s):
Goepel McDermid Inc.
Yorkton Securities Inc.
Promoter(s):
Jason S. Randhawa
Project #299142

Issuer Name:
Harmony Canadian Equity Pool
Harmony Overseas Equity Pool
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated August 31st, 2000 to the Simplified Prospectus and Annual Information Form dated January 26th, 2000
Mutual Reliance Review System Receipt dated 18th day of September, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
AGF Funds Inc.
Promoter(s):
AGF Funds Inc.
Project #217907

Issuer Name:
Mulvihill U.S. Equity Fund(Formerly Mulvihill U.S. Equity Index Fund)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated August 31st, 2000 to Simplified Prospectus and Annual Information Form dated June 2nd, 2000
Mutual Reliance Review System Receipt dated 14th day of September, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Mulvhill Capital Management Inc.
Promoter(s):
Mulvihill Fund Services Inc.
Project #258391

Issuer Name:
The Friedberg Diversified Fund
Principal Jurisdiction - Ontario
Type and Date:
Final Prospectus dated September 15th, 2000
Mutual Reliance Review System Receipt dated 19th day of September, 2000
Offering Price and Description:
Offering of Limited Partnership Units
Underwriter(s), Agent(s) or Distributor(s):
Friedberg Mercantile Group
Promoter(s):
FMG Corporation
Friedberg Mercantile Group
Project #289400

Issuer Name:
Innova LifeSciences Corporation (formerly Innova Technologies Corporation)
Type and Date:
Final Prospectus dated September 14, 2000
Receipted 14th day of September, 2000
Offering Price and Description:
$4,925,000.00 - 7,823,718 Common Shares (Upon the Exercise of 7,823,718 previously issued Special Warrants
Underwriter(s), Agent(s) or Distributor(s):
Registered Dealer
Promoter(s):
N/A
Project #292177

Issuer Name:
Investors Real Property Fund
Principal Regulator - Manitoba
Type and Date:
Final Prospectus dated September 5th, 2000
Mutual Reliance Review System Receipt dated 7th day of September, 2000
Offering Price and Description:
Mutual Fund Units - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Investors Group Financial Services Inc.
Les Services Investors Limitee
Promoter(s):
N/A
Project #282869

Issuer Name:
itemus inc.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated August 21st, 2000
Mutual Reliance Review System dated 23rd day of August ,2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
Canaccord Capital Corporation
Yorkton Securities Inc.
TD Securities Inc.
Promoter(s):
N/A
Project #280302

Issuer Name:
Mustang Minerals Corp.
Type and Date:
Final Prospectus dated September 12th, 2000
Receipted 13th day of September, 2000
Offering Price and Description:
N/A
Underwriter(s), Agent(s) or Distributor(s):
Loewen, Ondaatje, McCutcheon Limited
Promoter(s):
N/A
Project #284856

Issuer Name:
SSgA Dow Jones Canada 40 Index Participation Fund
Principal Regulator - Quebec
Type and Date:
Final Prospectus dated September 12th, 2000
Mutual Reliance Review System Receipt dated 13th day of September, 2000
Offering Price and Description:
N/A
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
State Street Global Adivisors, Ltd.
Project #239647

Issuer Name:
VSM Medtech Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated September 11th, 2000
Mutual Reliance Review System Receipt dated 12th day of September, 2000
Offering Price and Description:
N/A
Underwriter(s), Agent(s) or Distributor(s):
Yorkton Securities Inc.
Promoter(s):
N/A
Project #280415

Issuer Name:
MDS Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated September 15th, 2000
Mutual Reliance Review System Receipt dated 18th day of September, 2000
Offering Price and Description:
N/A
Underwriter(s), Agent(s) or Distributor(s):
RBC Dominion Securities Inc.
HSBC Securities (Canada) Inc.
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
Canaccord Capital Corporation
Yorkton Securities Inc.
Promoter(s):
N/A
Project #296570

Issuer Name:
Westport Innovations Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated September 14, 2000
Mutual Reliance Review System Receipt dated 14th day of September, 2000
Offering Price and Description:
$35,014,500.00 - 2,259,000 Common Shares
Underwriter(s), Agent(s) or Distributor(s):
TD Securities Inc.
Goepel McDermid Inc.
Yorkton Securities Inc.

Research Capital Corporation
Promoter(s):
N/A
Project #296644

Issuer Name:
Altamira T-Bill Fund
Altamira Short Term Canadian Income Fund
Altamira Short Term Government Bond Fund
Altamira Income Fund
Altamira Bond Fund
Altamira High Yield Bond Fund
Altamira Short Term Global Income Fund
Altamira Global Bond Fund
Altamira Balanced Fund
Altamira Growth & Income Fund
Altamira Dividend Fund Inc.
Altamira Global Diversified Fund
Altamira Capital Growth Fund Limited
Altamira Equity Fund
AltaFund Investment Corp.
Altamira Special Growth Fund
Altamira North American Recovery Fund
Altamira US Larger Company Fund
Altamira European Equity Fund
Altamira Select American Fund
Altamira Global Small Company Fund
Altamira Asia Pacific Fund
Altamira Japanese Opportunity Fund
Altamira RSP Japanese Opportunity Fund
Altamira Global Discovery Fund
Altamira Global 20 Fund
Altamira Global Value Fund
Altamira Precision Canadian Index Fund
Altamira Precision U.S. RSP Index Fund
Altamira Precision International RSP Index Fund
Altamira Precision European RSP Index Fund
Altamira Precision Pacific Index Fund
Altamira Precision U.S. Midcap Index Fund
Altamira Precision European Index Fund
Altamira Precision Dow 30 Index Fund
Altamira Resource Fund
Altamira Precious and Strategic Metal Fund
Altamira Science and Technology Fund
Altamira RSP Science and Technology Fund
Altamira e-business Fund
Altamira RSP e-business Fund
Altamira Global Financial Services Fund
Altamira Leisure and Recreation Fund
Altamira Health Sciences Fund
Altamira Global Telecommunications Fund
Altamira Biotechnology Fund
Type and Date:
Final Simplified Prospectus and Annual Information Form dated August 30th, 2000
Mutual Reliance Review System Receipt dated September 20th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Altamira Financial Services Ltd.
Promoter(s):
N/A
Project #276854

Issuer Name:
Ambassador Growth Portfolio
Ambassador Growth RRSP Portfolio
Ambassador Balanced Portfolio
Ambassador Balanced RRSP Portfolio
Ambassador Conservative Portfolio
Ambassador Conservative RRSP Portfolio
McDonald Canada Plus Fund
McDonald Enhanced Bond Fund
McDonald New America Fund
McDonald Euro Plus Fund
McDonald Asia Plus Fund
McDonald New Japan Fund
McDonald Emerging Economies Fund
McDonald Enhanced Global Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated August 29th, 2000
Mutual Reliance Review System Receipt dated 13th day of September, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
McDonald Financial Corporation
Promoter(s):
McDonald Investment Management Inc.
Project #284833

Issuer Name:
The Diversified Fund of Canada - Short Term Fund
Type and Date:
Final Simplified Prospectus and Annual Information Form dated August 29th, 2000
Mutual Reliance Review System Receipt dated 12th day of September, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Northern Trust Global Advisors, Inc.
Promoter(s):
Northern Trust Global Advisors, Inc.
Project #284428

Issuer Name:
Core Canadian Equity Fund
Active Balanced Fund
Active Fixed Income Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated August 29th, 2000
Mutual Reliance Review System Receipt dated 12th day of September, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Northern Trust Global Advisors Inc.
Promoter(s):
Northern Trust Global Advisors Inc.
Project #284426

Issuer Name:
Sceptre Balanced Growth Fund
Sceptre Bond Fund
Sceptre Canadian Equity Fund
Sceptre Equity Growth Fund
Sceptre Global Equity Fund (formerly Sceptre International Fund)
Sceptre U.S. Equity Fund
Sceptre Money Market Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated September 8th, 2000
Mutual Reliance Review System dated 18th day of September, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Sceptre Investment Counsel Limited
Promoter(s):
Sceptre Investment Counsel Limited
Project #286346

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Chapter 12

Registrations

12.1.1 Securities

Type	Company	Category of Registration	Effective Date
New Registration	Cluster Asset Management Inc. Attention: Duncan Arthur Baillie 290 Avenue Road Toronto, ON M4V 2H1	Investment Counsel & Portfolio Manager	Sept 13/00
New Registration	Kassirer Asset Management Corporation Attention: Mark Danny Kassirer 48 Russell Hill Road Toronto, ON M4V 2T2	Limited Market Dealer Investment Counsel & Portfolio Manager	Sept 14/00

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1 SRO Notices and Disciplinary Decisions

13.1.1 Richard Mills

IN THE MATTER OF

THE INVESTMENT DEALERS ASSOCIATION OF CANADA

AND

RICHARD MILLS

DECISION OF THE ONTARIO DISTRICT COUNCIL

Hearing:

January 17, 18, 19 and 31 and February 1, 2 and 3, 2000

District Council:

Philip Anisman, Chair
Sean Church

Counsel:

Stephanie McManus, for the Investment Dealers Association of Canada

Peter C. Wardle and Jason C. Markwell, for the respondent, Richard Mills

A. Introduction

This hearing was convened pursuant to a notice of hearing dated November 8, 1999 (the "Notice of Hearing") alleging that the respondent, Richard Mills, failed to fulfil his supervisory responsibilities as branch manager for Burns Fry Limited ("Burns Fry") (now "Nesbitt Burns") in accordance with the requirements of Policy No. 2 of the Investment Dealers Association of Canada (the "Association") with respect to the accounts of two clients, Robert Long and Hartley Catania, both of which were handled by Duncan Roy, a registered representative in his branch, and that he failed to ensure that the recommendations made for these clients were appropriate for them and in keeping with their investment objectives, contrary to paragraph 1300.2 of the Association's Regulations.

Mr. Mills is currently a vice-president and director of Nesbitt Burns and its national sales manager. He joined the securities industry in 1982 and Burns Fry in 1986. In 1991 he became manager of a branch which in 1993 and 1994 had thirty to thirty-five registered representatives, including Duncan Roy. In July 1994 he became a division manager as a result of the merger of Burns Fry and Nesbitt Burns.

The hearing was held on seven days in January and February, concluding on February 3, 2000, with additional documentary evidence filed the following week. The Association called three witnesses, Robert Long, his son, Richard Long, and Vanessa M. Gardiner, the manager of investigations in the Association's enforcement division. Mr. Mills testified on his own behalf and also called Rod Behan, a registered representative in his branch, Eric Kirzner, a professor of finance at the Joseph Rotman School of Management, University of Toronto, and Bill Haldane, the manager of retail compliance at Nesbitt Burns.

Ms. Gardiner was qualified as an expert on suitability, compliance and supervisory practices, Professor Kirzner as an expert on portfolio allocation and suitability, and Mr. Haldane as an expert on suitability and supervision. The standard applied by the District Council to qualify these witnesses as experts was whether the evidence to be given by them might provide assistance to it in making factual determinations, see, e.g., *875121 Ontario Limited v. Nesbitt Burns Inc.*, (1999) 50 B.L.R (2d) 137 (Ont. S.C.J.) at 144, recognizing that the District Council would determine the weight to be given their evidence and must itself decide whether Mr. Mills failed to fulfil his supervisory responsibilities, as alleged in the Notice of Hearing.

During the hearing the parties filed twenty-eight exhibits, including a joint document brief containing new account application forms ("NAAFs"), correspondence and other documents relating to the accounts in question (Exhibit 1), reports prepared by each of the expert witnesses (Exhibits 4, 6 and 7, prepared by Ms. Gardiner, Mr. Haldane and Professor Kirzner, respectively), documents relating to Mr. Long's accounts at Burns Fry (Exhibit 2) and additional analyses of these accounts prepared by Ms. Gardiner (Exhibit 5). On February 9, 2000, after the conclusion of the hearing, the District Council received an additional book of documents (Exhibit 29) in response to its request that Nesbitt Burns review its files to locate documents relating to Mr. Long's accounts, with a covering letter from Nesbitt Burns' vice-president, retail compliance and a letter from Mr. Wardle, counsel for Mr. Mills, containing additional submissions.

At the time of the hearing the District Council was composed of three members. Subsequently an unforeseen conflict arose which resulted in the withdrawal of one member, Karen L. Taylor.[1] On April 20, 2000, Ms. Taylor advised the

[1] Prior to the hearing the Chair informed the parties of a number of facts which might have engendered a perception of possible bias, and counsel for the Association and Mr. Mills both stated that they had no objections to the panel of the District Council, as constituted, hearing this matter; see (1999) 22 O.S.C.B. 8483 (December 24).

Chair that she had decided to accept a position as manager of sales compliance with the Association, which had recently become available. She and the Chair agreed she would immediately withdraw from the panel. As the District Council had not engaged in any deliberations since February 3, prior to the position becoming available, and as a quorum of two members remained, the Chair concluded that Ms. Taylor's acceptance of the position did not affect the District Council's ability to decide this matter without her participation; see Association By-laws, para. 20.1. As there was no issue to be addressed as a result of Ms. Taylor's withdrawal, he did not advise the parties of it.

On May 17, 2000, Mr. Wardle wrote the Chair stating that Mr. Mills had just learned of Ms. Taylor's appointment and requesting the panel to disqualify itself on the basis that the appointment raised a reasonable apprehension of bias as she must have participated in the District Council's deliberation process. The remaining members of the panel considered this request and decided not to disqualify themselves in view of the fact that they had not engaged in any deliberations since February 3. The Chair informed the parties of this determination by letter dated May 18, 2000.

On May 23, 2000 Mr. Wardle asked for clarification of the facts relating to Ms. Taylor's acceptance of her new position and of her withdrawal from the panel and suggested that the District Council not conduct any deliberations until this issue was resolved. After receiving this letter, the Chair contacted Ms. Taylor and confirmed that she was unaware of this position on February 3 and did not become aware of its availability until late March. The panel remained of the view that there was no reason for it to disqualify itself, and the Chair so advised the parties by letter dated June 6, 2000. No further submission or request has been received by the District Council. Copies of the relevant correspondence accompany this decision as an appendix.

The District Council has reviewed and considered all of the exhibits, as well as the oral evidence presented at the hearing, in reaching its conclusions of fact and its decision.

B. Supervisory Obligations of Branch Managers

Under paragraph 1300.2 of the Association's Regulations, each member of the Association must designate a branch manager for each of its branch offices. The branch manager is responsible for the opening of new accounts and the supervision of account activity in the branch and must "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." New accounts must be opened pursuant to a new account form (a NAAF) and the branch manager must specifically approve the opening of each account in writing on the NAAF "prior to or promptly after the completion of any transaction". While the branch manager is responsible for the opening of new accounts and for supervision of account activity, he is not responsible for designing the new account form or establishing or maintaining procedures for account supervision. These are the responsibilities of the member firm, through a designated director, partner or officer, to whom the branch manager reports.

Although paragraph 1300.2 establishes supervisory obligations, it does not specify the procedures or standards to be followed in performing them. These are contained in the Association's Policy No. 2 (the "Policy") (Exhibit 4, Tab 3), entitled "Minimum Standards for Retail Account Supervision." The Policy was initially adopted in March 1993, following standards published by a joint industry compliance group in 1989. As its title suggests, it prescribes "minimum requirements necessary" to comply with paragraph 1300.2. It states expressly that "in certain situations a higher standard may be necessary to ensure proper supervision."

The substantive obligations of member firms to retail clients are contained in paragraph 1300.1 of the Regulations, which requires each member to use due diligence to learn the essential facts relating to every customer and to every account and order that it accepts (the "know-your-client" obligation) and to ensure that recommendations made for any account are appropriate for the client and in keeping with its investment objectives (the "suitability" obligation). Branch managers are required to comply with all by-laws and rules of the Association applicable to members; By-laws, para. 29.1. The supervisory standards in the Policy are intended to provide branch managers and other supervisors with a checklist for monitoring the handling of these know-your-client and suitability obligations by registered representatives, who are primarily responsible for them.

Accordingly, the Policy reflects the primacy of documenting information about a client in connection with the opening of new accounts. It requires completion of a NAAF for each new account so that the registered representative and supervisory staff are able to "conduct the necessary review to ensure that recommendations made for any account are appropriate for the client and in keeping with his investment objectives" and to ensure that "all recommendations made for any account are and continue to be appropriate for a client's investment objective." The Policy repeats the requirement that each new account be approved by a branch manager in writing prior to an initial trade or promptly thereafter, and no later than the next day, and requires the registered representative to keep a copy of the NAAF and to update it where there is a material change in client information.

The Policy also obligates branch managers to review ongoing activities in branch accounts. A branch manager must review the daily activity in each account no later than the following day with a view to identifying unusual trading activity or other items for further investigation or examination.[2] The daily review must "attempt to detect, among other things," lack of suitability, undue concentration of securities, excessive trade activity, inappropriate/high risk trading strategies and quality downgrading of client holdings. In addition, branch managers must inform themselves on other client related

[2] The Policy defines a "review" of any nature "to mean a preliminary screening to detect items for further investigation or an examination of unusual trading activity or both."

matters, such as complaints, undisclosed short sales and trading under margin.

Monthly reviews of activity in client accounts are also required to detect the possibility of the same types of trading activities. In 1993 a branch manager was obligated to review monthly statements for all accounts producing gross commissions of $400 or more for the month, and a head office review was required for accounts generating more than $1,000 in commissions. In March 1994 the triggering thresholds for monthly reviews were increased to $1,000 and $2,500, respectively (Exhibit 4, Tab 5). Member firms were obligated to adopt procedures to ensure that supervision of retail accounts satisfied the minimum standards in the Policy and to document these procedures in writing.

Like most other firms, Burns Fry prepared a sales compliance manual (the "Burns Fry Manual", "Burns Fry's Manual" or the "Manual") to implement its supervisory obligations. Echoing the Policy, Burns Fry's Manual emphasized the importance of completion of the NAAF, stating "no other single requirement receives more attention in securities regulation." It characterized the NAAF as a firm's "first line of defence"[3] and as "central to account supervision" (Exhibit 4, Tab 8C, p. VI-1). The Manual contained separate sections aimed at new accounts, one focussing on completion of the NAAF by a registered representative and the other on approval by a branch manager or other officer.

To facilitate supervision of account activities, the Burns Fry Manual required a code to be identified on the NAAF for each account. The code was to be used on all daily, monthly and other reports relating to the account, serving as a snapshot of the know-your-client information to permit ready assessments of the suitability of activities in the account. Burns Fry used a "four position code" identifying a client's (1) primary investment objective, (2) investment knowledge and experience, (3) whether the account could trade in options, and if so, the nature of the options, and (4) the client's net worth.

The primary investment objective of a client was coded as conservative ("C"), risk oriented ("R") or mixed ("M"). This coding was based on the percentages indicated on the NAAF to identify a client's investment objectives for the account. Like other firms at the time, Burns Fry's NAAFs identified five objectives, mutual funds, income, long-term growth, short-term trading and venture.[4] As these categories were intended to determine a client's overall risk profile, they were based on both the nature of the securities in which a client wished to invest and the trading strategies that might be pursued with respect to them.

The NAAF required specification of a percentage for each category desired by a client, and the coding of the client's primary investment objective was based on the total of these percentages. An account would be coded as conservative (C), if the total allocated to mutual funds, long-term growth and income was 75 per cent or more, and as risk oriented (R), if the total percentage indicated for short-term trading and venture met or exceeded 75. Any lesser percentage would be classified as mixed (M).

A client's investment knowledge and experience would be coded on a scale of 1 to 5, 1 identifying a person with no previous investment experience and little or no investment knowledge or general business experience. Average investment knowledge or experience would be classified as 3, and extensive investment experience in a number of products, including options, as 4. A person who was capable of "fully assessing risks and merits", was over forty years of age and had general business or professional standing might obtain a 5. A client's net worth was represented by numbered codes from 1 to 7, beginning with a net worth of less than $20,000 and ending, at the high end, with a net worth of over $1,000,000. Thus the most conservative code for an account not authorized to trade in options would be C101, and R507 would permit the greatest risk. These codes continued to be used by Nesbitt Burns after it merged with Burns Fry, as specified in Nesbitt Burns' Investment Advisor's Manual dated December 1995; see Exhibit 4, Tab 9, pp. 6-6 and 6-7.

Burns Fry's Manual required a branch manager to approve a new account in writing within a day,[5] and listed questions to be asked when reviewing a NAAF. A branch manager was to check whether the NAAF was complete, whether the documentation requirements contained in it were correct, whether the account objectives were appropriate with respect to "the financial and client circumstances", and if the NAAF indicated a first trade, whether it was "appropriate, given the client's objectives and financial situation". The Manual stated that if there was any doubt concerning "the quality or quantity of client information, further checks are advisable prior to approval."

Recognizing the importance of a NAAF to a member's supervisory responsibilities, Burns Fry's Manual stressed the obligations of registered representatives to continually update a NAAF when there are material changes. If a material change occurred in any of the facts on a NAAF, a registered representative was to make the change and provide "a photocopy of the changed original application or an updated application" to Burns Fry's new accounts department (Exhibit 4, Tab 8A, p. II-7, para. 9(a)). The Manual thus did not expressly require a branch manager to approve such updates;

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3 It stated that in any dispute or investigation the NAAF is "the foremost evidence of 'due diligence' in obtaining the essential facts relevant to the client"; Exhibit 4, Tab 8B, p. V-2.

4 The expert witnesses agreed that only three of the investment objectives contained in Burns Fry's NAAFs, income, long-term growth and venture, related to asset allocation. Mutual funds identified the nature of an investment vehicle, rather than the character of the investment (although Ms. Gardiner testified that in the early 1990's most mutual funds had conservative investment objectives). Short-term trading is an investment strategy. Nevertheless, as these five categories were used to determine a client's investment objectives, they are the relevant categories for purposes of determining compliance with supervisory obligations during the period under consideration.

5 Mr. Mills testified that he would not allow any trading to occur in an account until he had approved a NAAF for it, and he reviewed NAAFs for new accounts on the day they were completed.

although it required the change to be made on the NAAF, it said only that the corrected NAAF had to be sent to the new accounts department by the registered representative.

Mr. Haldane testified that when he enquired of supervisory personnel in Nesbitt Burns about the relevant period, he was informed that Burns Fry did not at that time require approval of updates. Ms. Gardiner testified that some firms required a branch manager to sign all updates during the relevant period, but she was not sure that all did and said there was no standard industry practice in 1993. In fact, the procedure followed by Burns Fry did not require completion of a new NAAF, but only completion of a "know your client-update" form containing only the client information necessary for coding and the appropriate code; e.g., Exhibit 1, Tabs 3 and 10. Despite Mr. Haldane's evidence, this form contained a line for a branch manager's signature, and Mr. Mills testified that his practice was to approve all updates to know-your-client information and all changes in a client's account code.

The Burns Fry Manual contained requirements for ongoing supervision of account activity, including daily and monthly reviews for the purposes specified in the Policy and a number of additional reviews; Exhibit 4, Tab 8B, p. V-7; Tab 8C, pp. VI-5 and VI-6. Stating that such reviews are routine and apply to all accounts, it identified specific concerns which included concentration of client holdings. The "main problem areas" were excessive speculation, the exercise of discretion, incomplete or outdated documentation, and churning or excessive trading.[6] As Mr. Haldane testified, a supervisor was expected to make further inquiries when a review indicated that trading in an account exceeded the limits suggested by the account's code.

C. The Issue

The Notice of Hearing alleges that Mr. Mills failed to fulfill his supervisory responsibilities under the Policy and to ensure that recommendations made for Mr. Long's and Mr. Catania's client accounts "were appropriate for the clients and in keeping with their investment objectives" contrary to paragraph 1300.2 of the Regulations. As an agreed statement of facts was filed with respect to Mr. Catania's accounts, the majority of the evidence related to and the major focus of the hearing was on the accounts of Mr. Long.

At the opening of the hearing Mr. Wardle, relying on the fact that the latter part of the charge follows the wording of paragraph 1300.1(c) of the Regulations, submitted that this allegation was made under that provision and could only be met if trading in the clients' accounts was, in fact, unsuitable. Although he accepted that the only issue raised by the Notice of Hearing was a failure to supervise, he argued that the Association's case should be dismissed if either the activity in the accounts was not unsuitable or if it was reasonable for Mr. Mills to believe that it was suitable. Ms. McManus submitted that suitability is relevant but not an essential element of the charge, as the issue in this proceeding is Mr. Mills' supervision.

The District Council ruled that the Notice alleges conduct contrary to paragraph 1300.2 and that the terms of this paragraph and the duties under it are in issue in the hearing. Although the charge contains wording derived from the suitability obligation in paragraph 1300.1(c), it refers expressly to paragraph 1300.2. The District Council therefore views the Notice of Hearing as alleging only that Mr. Mills failed to supervise Mr. Roy's handling of the accounts with respect to the suitability of the transactions in them in accordance with paragraph 1300.2 and the requirements of the Policy. While there is some ambiguity in the charging provision, in the District Council's view it contains only this single allegation. In fact, counsel did not return to the wording of paragraph 1300.2 or the relationship between it and paragraph 1300.1.

This ruling was largely born out by the evidence. All of the expert witnesses focussed primarily on whether the supervisory actions of Mr. Mills with respect to Mr. Long's accounts were sufficient to fulfil his obligations under the Policy.[7] Mr. Mills and Mr. Haldane both testified that the purpose of the coding on a NAAF and of daily and monthly reviews was to see whether trading in the account was suitable. Although a substantial amount of the evidence related to Mr. Long's knowledge, experience and investment objectives, and to the actual suitability of the trading in his accounts in light of his "real" investment objectives, the District Council is of the view that it is not necessary for the Association to prove that the trading was not suitable in order to make out its case.[8] Nor is it a defence to the charge to demonstrate that the trading was in fact suitable or that Mr.

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6 The Manual defined churning as a turnover in the assets in an account more than six times in a year; Exhibit 4, Tab 8C, p. VI-4.

7 Although the major focus of Professor Kirzner's evidence was on the asset allocation in Mr. Long's accounts, with a view to the suitability of the investments, his analysis was intended to determine whether there was unusual trading activity within the terms of the Policy, as stated in his expert's report; Exhibit 7, p. 7. This objective reflects the purpose of supervisory reviews under the Policy.

8 Accordingly the District Council has given no weight to the fact that Duncan Roy, the registered representative responsible for Mr. Long's accounts, admitted in a settlement agreement with the Association that the trading by him in those accounts was unsuitable for Mr. Long. The factual admission in the settlement agreement was that the investments were "outside the investment objectives recorded on the NAAF"; Exhibit 1, Tab 28, para. 9.

Mr. Wardle submitted that Mr. Roy's settlement agreement could not constitute evidence of a lack of suitability against Mr. Mills, on the basis that an admission by one party is not binding on another as a matter of law; see, e.g., *Chote v. Rowan*, [1943] O.W.N. 646 (C.A.). This legal principle is based on the rule against admission of hearsay evidence; see, e.g., *R. v. Brian C.*, (1993) 12 O.R. (3d) 608 (C.A.) at 614-15; J. Sopinka, S.N. Lederman and A.W. Bryant, *The Law of Evidence in Canada* (2d ed. 1999) at 307. As the District Council is entitled to accept hearsay evidence, this rule does not bind it and the character of the evidence goes only to weight. In the circumstances of this case, the District Council would not have given any weight to the admissions in Mr. Roy's settlement agreement, if they were relevant to the issues before it.

Long acquiesced in it. This is not a civil dispute between Mr. Long and Mr. Mills; it is a disciplinary proceeding relating to the quality of Mr. Mills' supervision.

The weight accorded to the expert evidence reflects this conclusion. Professor Kirzner's analysis classified asset allocation based on the nature of the securities held in the accounts at a given time. He used three asset class categories, income, long-term growth and venture, but excluded the categories of mutual fund and short-term trading, which were contained in the NAAFs. He said that he was not familiar with the coding on the NAAFs or its function and that the fact that Mr. Long's accounts were coded R507 was not a factor in his analysis and had no effect on it. Ms. Gardiner, applying a short-swing assessment,[9] classified securities transactions as short-term trading if they were held for less than six months before being sold. While accepting that short-term trading is a strategy, she followed the classification on the NAAFs. As the categories on the NAAFs were designed to address strategies, as well as asset allocation, and were the ones relevant to Mr. Mills' reviews, the District Council preferred Ms. Gardiner's analysis of the trading in Mr. Long's accounts.

Although the standard of proof in a disciplinary proceeding is a balance of probabilities, in making its factual determinations the District Council accepted Mr. Wardle's submission that clear and convincing evidence is necessary for a finding of fact against a respondent. As a disciplinary proceeding may affect a respondent's ability to earn a living, as well as his career, an adverse finding against a respondent should only be made where there is clear and convincing evidence; see, e.g., *Markandey v. Board of Ophthalmic Dispensers*, [1994] O.J. No. 2913 (G.D.); *Re Coates*, (1988) 52 D.L.R. (4th) 272 (Ont. Div'l Ct.) at 280-82. This standard influenced the District Council's findings on several significant issues of fact on which there was conflicting evidence.

The District Council also accepts Mr. Wardle's submission that Mr. Mills' conduct must be addressed separately with respect to each client's accounts. In the ordinary course, evidence, including admissions, relating to the handling of one client's account should not be used as a basis for factual determinations by the District Council on the handling of another client's accounts. Nevertheless, in some circumstances such conduct may constitute admissible similar fact evidence, with the only issue the weight to be attributed to it. In this case the District Council determined to address the allegations and evidence relating to Mr. Long and Mr. Catania separately. It has not taken into account any admissions made by Mr. Mills with respect to Mr. Catania's accounts, or any of his oral evidence concerning them, in its determinations with respect to Mr. Long's accounts. This decision, therefore, first addresses the charge relating to Mr. Long's accounts and then turns to Mr. Catania's.

The issue before the District Council is whether Mr. Mills' supervisory efforts were reasonable in the circumstances of this case. Whether this question is treated as requiring proof of negligence by the Association or as flowing from a due diligence defence, the question is ultimately one of reasonableness. Did Mr. Mills take the supervisory steps that were reasonably required in light of the information available to him and his obligations under the Policy? The answer to this question must be based on the facts relating to the accounts, taking into consideration the standards of the industry during the relevant period and the practices followed at Burns Fry.

D. The Long Accounts

1. January 1993 - June 1994

In January 1993, Robert Long, a sixty-three year old businessman from Orillia, decided to move his securities accounts from Midland Walwyn, where they had been since at least 1987, because his registered representative had died and he was dissatisfied with the replacement. Mr. Long selected Mr. Mills' branch at Burns Fry, primarily because his son ("Richard") had worked there the previous summer as a telemarketer, making cold calls for three registered representatives, one of whom was Duncan Roy. Richard provided Mr. Long with the names of three registered representatives, from which he selected Mr. Roy to handle his accounts.

Mr. Roy had an aggressive investment style, following and recommending securities of small capital issuers in the resource sector and using a "momentum investment" approach, purchasing securities as they rose in price and selling them within five to six weeks. He had joined the branch in 1992 and was one of its top five or six registered representatives in terms of commissions and account assets. Mr. Mills testified that in early 1993 Mr. Roy only accepted accounts that were intended to be traded actively. While he did other types of business, the bulk of his trading was in risk oriented securities. Although Mr. Mills had not recruited Mr. Roy, and although his personal investment approach was conservative, he came to know Mr. Roy well and made him one of two assistant managers in the branch. Mr. Roy thus, on occasion, acted as a backup for Mr. Mills in performing daily reviews and other supervisory responsibilities.[10]

Mr. Long's accounts at Midland Walwyn were in two names, his own and Robram Properties Limited ("Robram"), a corporation he controlled. Although he utilized margin following the crash in 1987 and had purchased Nikei put warrants on a few occasions, his accounts at Midland Walwyn were generally conservative, as Ms. Gardiner testified.[11]

In January 1993 Mr. Long opened two accounts with Mr. Roy, the first on January 5 in his own name, and the second on January 15 for Robram, and transferred his

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9 *Cf.* U.S. Securities Exchange Act of 1934, s. 16(b).

10 In late 1994 Mr. Roy ceased to be an assistant manager at Mr. Mills' request. Mr. Mills said he asked him to step down because he thought Mr. Roy had to refocus his business. Mr. Roy left the branch in 1996.

11 The District Council was provided with copies of monthly statements for these accounts from September 1987 until they were closed (Exhibit 3).

holdings from the accounts at Midland Walwyn into them.[12] The NAAF for Mr. Long's personal account (Exhibit 1, Tab 1) stated that he had been referred to Mr. Roy by Richard, that his investment knowledge was excellent, that his net worth was $1,000,000 "+3", with an annual income of $200,000+, and that he had an account with another brokerage firm.[13] His investment objectives were listed as 60 per cent long-term growth, 20 per cent short-term trading, and 20 per cent venture. The account was coded M507, although the M appears to have been written over an R. Mr. Long transferred securities worth approximately $70,000 into this account, although this does not show on the NAAF. The NAAF was signed by Mr. Roy and approved by Mr. Mills on the same day, January 5, 1993.

On January 15, 1993 Mr. Roy signed and Mr. Mills approved a NAAF for the Robram account (Exhibit 1, Tab 8). This NAAF stated that the client's investment knowledge was excellent, net worth exceeded $1,000,00 and annual income was over $200,000. It referred to Mr. Long's personal NAAF, stating under type of business "see comments/Rob Long". Robram's investment objectives were listed as 25 per cent income, 65 per cent long-term growth, 5 per cent short-term trading and 5 per cent venture. The account was coded C507. In the section for the registered representative's comments, the NAAF stated "Limited account for Robert Long - see his account." It showed an initial deposit of securities valued at $350,000 transferred from Midland Walwyn. The evidence does not contain a January 1993 monthly statement for this account, but shows that in February securities valued at approximately $930,000 were transferred into it; Exhibit 5, Tab 3, p. 3; Exhibit 2, Tab 1. Neither NAAF was sent to Mr. Long.

Both accounts were actively traded from the beginning, to Mr. Mills' knowledge. He testified that he conducted the required daily and monthly reviews and was aware of the activity in the accounts and of the change in quality of securities in them "from the getgo". There is no doubt that the activity in the accounts triggered supervisory procedures that brought them to his attention as branch manager. In January 1993 trading in Mr. Long's personal account generated approximately $5,200 in commissions and, according to Ms. Gardiner's evidence, almost reached its maximum risk level (38 per cent; Exhibit 5, Tab 2). In February the short-term trading and venture components together exceeded 50 per cent and the account was charged commissions of over $4,150. By the end of March 1993 Robram's account contained approximately 40 per cent in the risk categories, although 36 per cent of this figure was classified by Ms. Gardiner as short-term trading, which would not have been apparent at that time from the reports,[14] and the account paid approximately $6,135 in commissions.

On March 22, 1993 the code for Mr. Long's personal account was updated by means of a know-your-client update form (Exhibit 1, Tab 3), which was prepared and signed by Mr. Roy. Although this form did not alter the investment objectives for this account, it changed the code to R507, indicating an account with a 75 per cent minimum risk orientation, instead of the M required by the Burns Fry Manual for the objectives stated on it. The new client code, R507, was reflected on the March monthly statement (Exhibit 2, Tab 2). In that month the account was charged over $5,180 in commissions and according to Ms. Gardiner's classification held 81 per cent in the risk categories, 72 per cent of which she classified as short-term trading.

Although Mr. Mills testified that the account was updated on his instructions, he did not sign the update form. He said it was his normal practice to review and approve such changes and he had no explanation for his failure to do so in this instance. He testified that had he seen it, he would not have permitted the change in view of the investment objectives reflected on the update form.

Mr. Mills instructions may have been prompted by a note from Burns Fry's compliance department. A commission report for Mr. Roy dated March 4, 1993 (Exhibit 29, Tab 2) shows a longhand note from the head of compliance at Burns Fry relating to a purchase of Barrington Petroleum shares for the Robram account stating that Mr. Roy should update the NAAF, which was then classified as C507, indicating conservative investment objectives. Mr. Mills testified that he directed the updating of both accounts, but the Robram account was not updated until June 8, 1993, when Mr. Roy signed a know-your-client update form changing the code for that account, as well, to R507 (Exhibit 1, Tab 10). This form contained no know-your-client information, other than the new code. In other words, it did not alter the investment objectives shown on the NAAF for this account. This form, too, was not signed by Mr. Mills. The monthly statement for Robram's account for June 1993 contained in Exhibit 2, Tab 1, does not show a know-your-client code, but the code shown on the statement for July, 1993 is R507.

By this time, Mr. Long's personal account and the Robram account both reflected a consistent pattern of trading activity. Commissions on transactions in Mr. Long's personal account were approximately $11,000 in April, $8,750 in May and $11,000 in June.

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12 In fact, Mr. Long had several accounts at Burns Fry under each name, including Canadian and U.S. margin accounts in his own name and Canadian and U.S. cash and margin accounts for Robram. As only a single NAAF was signed for each set of accounts and as trading in each set was reported on a single monthly statement, Mr. Long's and Robram's accounts are treated as single accounts in this decision.

13 Mr. Long at the time had an account with a Wood Gundy branch in Hamilton, opened in January 1992. The NAAF for this account (Exhibit 8) showed overall investment objectives of 30 per cent long-term, 30 per cent intermediate term and 40 per cent short-term. Under a heading called "risk factors," it indicated 60 per cent "investment grade/good quality" and 40 per cent speculative. These investment objectives were substantially identical to those in the NAAF for Mr. Long's personal account at Burns Fry.

14 Mr. Mills, however, would or should have understood that the securities shown in this category were purchased for this purpose in light of his evidence that Mr. Roy was a "momentum trader".

The commissions in the Robram account were approximately $15,675 in March, $3,750 in April, almost $11,000 in May and almost $30,500 in June, 1993. The profiles of these accounts continued to move toward the riskier end of the spectrum. According to Ms. Gardiner's analysis, 90 per cent of the holdings in Mr. Long's account were risk oriented in April 1993, 83 per cent in May and 84 per cent in June. A similar pattern is evident in the Robram account; in April 37 per cent of its holdings were risk oriented, rising to 50 per cent in May, well above the 10 per cent figure on Robram's NAAF at that time and well over the maximum level of an account coded C. In June the total risk oriented percentage was 67; in that month Ms. Gardiner showed 59 per cent in the venture category and only 8 per cent as short-term trading, reflecting a sale of shares of Northrock Resources.

Based on the commissions charged in this six month period (Exhibit 5, Tabs 2 and 3), monthly statements would have been reviewed in each of these months for Mr. Long's personal account and in each of them, except January, for the Robram account, not only by Mr. Mills, but also by Burns Fry's compliance department.

The same pattern generally continued until June 1994, when Mr. Long transferred his accounts to Rod Behan, another registered representative in the branch. In every month from July 1993 to June 1994 commissions in Robert Long's account exceeded $1,000, amounting to over $20,000 in July 1993, over $12,000 in August 1993, and almost $22,000 in November 1993. In all but three of those months, March, April and May 1994, the amount of the commissions also exceeded the threshold level for compliance review by Burns Fry's head office. The same is largely true of the Robram account; in all but one month, January 1994, in which no commissions were paid, the commissions exceeded $1,000, amounting to more than $15,750 in July 1993, over $25,000 in August 1993, almost $27,000 in September 1993, over $11,600 in October 1993, almost $38,000 in November 1993 and over $11,000 in December 1993. In all but three of those months, January, March and April 1994, the amount also exceeded $2,500, requiring head office review. The total commissions charged to Mr. Long's personal account in 1993 and the first half of 1994 were approximately $133,660 and to the Robram account approximately $220,135. Not surprisingly, Mr. Long's accounts were among the most active in the Branch and, in fact, in the firm.

The profile for these accounts also followed a parallel pattern, the risk oriented component of the Long account exceeding 95 per cent in August, September and October 1993 and remaining over 80 per cent until March 1994, when it fell to approximately 69 per cent. In the first half of 1994, the venture component of Mr. Long's personal account did not fall below 69 per cent and in two months exceeded it, amounting to 82 per cent in June. The risk oriented part of the Robram account rose to 83 per cent in September 1993 and to 95 per cent in October, after which it did not fall below 90 per cent until June 1994, when it was 73.

Between January 1993 and June 1994 Mr. Long's accounts performed somewhat like a roller coaster ride which, initially at least, excited him. Both accounts, and particularly his personal one, showed substantial profits almost immediately. These profits rose more or less consistently during the first year, but after January 1994 began to decline. The balance in Mr. Long's personal account at the end of January 1993 was approximately $60,000, rising to approximately $81,400 in February, $124,600 in April, $339,000 in June, $358,600 in August, $235,400 in September, reaching a high of approximately $528,100 in November and then falling to approximately $448,400 in January 1994, $260,000 in March and $102,000 in June. The Robram account had a month-end balance of approximately $935,350 in February 1993, $1,162,555 in March, $1,215,688 in May, reaching its high of $1,385,942 in June, $1,253,036 in August, $1,373,439 in October, and then falling to $1,283,036 in November, $1,166,334 in January 1994, $926,993 in March and $762,490 in June. By the time he closed these accounts in December 1994 he had suffered an overall loss of over $35,000 (Exhibit 5, Tab 2, p. 3; Tab 3, p. 3).

These two accounts demonstrated a number of the characteristics identified in the Policy and Burns Fry's Manual as specific areas of concern. The trading and account profiles, for example, were inconsistent with the accounts' codes in the first two months for Mr. Long's personal account and the first five for Robram's and were inconsistent with the investment objectives on the NAAFs throughout this period, suggesting a lack of suitability and inappropriate, high risk trading strategies. There were also indications of excessive trade activity and possibly churning. Between February 1993 and January 1994, the asset turnover rate for the Robram account was 5.757, just under the rate of 6 that, according to the Burns Fry Manual, signifies churning (Exhibit 22, p. 2); the rate for Mr. Long's personal account for the 1993 calendar year was 15.977 (Exhibit 22, p. 4). As Mr. Mills said in cross-examination, "there was never any question it was an aggressively traded account."

In addition, the quality of the holdings in these two accounts was downgraded after they were moved to Burns Fry. This is apparent from Ms. Gardiner's analysis in Exhibit 5 and from her evidence. It was also identified by Burns Fry's compliance department; a note on a commission report for July 28, 1993 relating to Mr. Roy's accounts states with reference to trades that day for Mr. Long's personal and Robram accounts "again discussed matter R Mills - not enough quality!" (Exhibit 29, Tab 9).

Finally, the accounts reflected undue concentration, which would have been apparent from monthly concentration reports. These reports were produced in any month in which an account had more than ten transactions and paid commissions over $3,000. This was the case with both of Mr. Long's accounts in all but four months during this period. Over 50 per cent of Mr. Roy's trading was in resource stocks. In October 1994 over 70 per cent of Mr. Long's portfolio was invested in speculative gold exploration companies, as stated by Mr. Behan in a telephone conversation and letter on October 21, 1994 (Exhibit 1, Tab 19; Tab 20, p. 13).

Concentration in one particular such security which Mr. Roy obviously thought attractive, Gold Reserve, was identified in reports from Burns Fry's compliance department. In a handwritten report dated February 18, 1994 to Mr. Mills, the head of the compliance department noted that both Mr. Long's accounts had "heavy concentration in Gold Reserve"

(Exhibit 29, Tab 12).[15] Subsequently a compliance memorandum dated April 26, 1994 was sent to Mr. Mills relating to a month-end review for March 1994 which noted that both accounts were down for the month and for the first three months of 1994 and attributed this decline "to a drop in the value of GOLD RESERVE" which had caused a reduction in seven of Mr. Roy's accounts (Exhibit 29, Tab 17). This report stated that Robram's equity was "down: -C$93M and -U$2M, after a modest gain in January" and that Mr. Long's personal account was "down -C$111M, after an increase of +C$55M in January." It went on to say "the majority of the decline [in the latter account] is due to 21600 GOLD RESERVE."

During the time that the accounts were handled by Mr. Roy, Mr. Mills received and reviewed daily and monthly activity reports for these accounts. His practice was to note questions on these reports and either discuss them with the registered representative or, if the registered representative was not then available, leave the report with the question for him. Mr. Mills relied on his memory to follow up in these cases, and did not keep a log or maintain another form of tickler to remind him to do so.[16] Mr. Mills also received monthly concentration reports for months in which an account had more than ten transactions and over $3,000 in commissions, most months for Mr. Long's accounts, and he discussed them with Burns Fry's director of compliance, credit manager and others, including Mr. Roy's assistant.

The most significant evidence on the manner in which Mr. Mills addressed these issues is that of Mr. Mills himself. Mr. Mills knew Mr. Roy's trading philosophy, as they discussed these matters frequently. He characterized Mr. Roy as an aggressive "momentum trader" who emphasized resource issuers and who in early 1993 took only active accounts that suited his trading style. In approving the NAAFs for Mr. Long's accounts, he focussed on a number of elements as significant, first that Mr. Long had been referred to Mr. Roy by his son, Richard, who had worked for Mr. Roy and who he believed knew Mr. Roy's trading style; this was a significant factor in his view, as it indicated that Mr. Long was also aware of Mr. Roy's trading style and sought the kind of trading activity Mr. Roy would provide. Because Mr. Long was a businessman, Mr. Mills saw him as an entrepreneur and gave little weight to the fact that he was sixty-three years old; in Mr. Mills view, entrepreneurs do not retire. He also took into account Mr. Long's stated net worth which he interpreted as $3,000,000. In all of these circumstances, Mr. Mills concluded that Mr. Long was an experienced investor with excellent understanding and a significant net worth. He therefore approved the NAAFs and the opening of the accounts. These approvals were arguably reasonable, as the codes on the NAAFs accurately reflected the stated investment objectives and other information.[17]

As a result of these factors, the trading in the accounts did not surprise Mr. Mills when he conducted his daily and monthly review of them. He was always aware of the trading activity in these accounts. He noticed that they became more aggressive immediately and thought that this was consistent with Mr. Roy's style and his understanding of Mr. Long's trading desires. He testified that he was continuously aware of the trading in these accounts and constantly reviewed it with Mr. Roy; he spoke with Mr. Roy at least weekly about these accounts and frequently more often. As Mr. Roy was a senior registered representative and assistant manager in the branch. Mr. Mills trusted him and his handling of accounts. He said Mr. Roy closely followed the resource securities that he recommended, 70 to 80 per cent of which were recommendations of Burns Fry itself. He concluded that Mr. Long wanted to be "a player". He was comforted by the fact that the compliance department was also monitoring these accounts and that no complaints were received from Mr. Long during this period. Nor was there any other indication that Mr. Long was dissatisfied with the trading activities in his accounts.

This evidence is uncontroverted, except in one respect. Richard Long testified that he telephoned Mr. Mills in the spring of 1994 to complain about the commissions charged his father's accounts. Such a complaint might have indicated that all was not well with Mr. Long's accounts. Mr. Mills said the call occurred in the fall, probably in October 1994. The District Council accepts Mr. Mills' recollection of the call's timing. Richard said the call occurred shortly after his father had retained a lawyer to advise him. On all the evidence,[18] it appears that Mr. Long did not retain a lawyer until late summer or early fall of 1994. In view of Richard's recollection that he called after Mr. Long consulted a lawyer, it appears likelier that the call occurred in October. This is also consistent with Mr. Mills' handling of the account, as by that time there appears to have been some animosity between Mr. Long and Burns Fry.

The essence of Mr. Mills' testimony is that he was aware of all that went on in Mr. Long's accounts. He said that he monitored Mr. Long's accounts more closely because he was aware of Mr. Roy's aggressive style, which differed from his own, and because he knew Mr. Long trusted Mr. Roy. He was thus aware of the large number of transactions in the accounts, the volume of securities traded, the level of commissions and the trading strategies. He was also aware of the downgrading of the accounts, that they were assuming greater risk than they had previously; he noticed this "from the getgo". In addition, he was aware of the concentration in the account, including the concentration in shares of Gold Reserve. Mr. Mills' response to all of these activities in Mr. Long's accounts was to talk to Mr. Roy. He said he discussed

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15 At the end of January 1994 shares of Gold Reserve represented over one-third of the value of each of Mr. Long's accounts; Exhibit 5, Tabs 2 and 3.

16 Ms. McManus submitted that Mr. Mills' exclusive reliance on his memory was unreasonable and indicated a failure to satisfy his supervisory obligations. The evidence does not suggest that Mr. Mills' practice had any adverse effects in this case, as he testified he was always aware of Mr. Long's accounts and discussed them with Mr. Roy "constantly".

17 The codes and objectives, however, were inconsistent with Mr. Roy's trading style. This is addressed below.

18 Including that of Mr. Long himself and, particularly, the evidence relating to his dealings with Rod Behan in September and October, 1994.

each of them with Mr. Roy and concluded that the trading was appropriate for Mr. Long and, indeed, was the kind of trading he desired.

There were, however, a number of matters that Mr. Mills did not notice, did not know or did not address. Mr. Mills provided no explanation of why he accepted the initial coding of Mr. Long's personal account as an M, and the Robram account as a C, when he knew that Mr. Roy's trading style was not completely consistent with the investment objectives reflected on the NAAF for Mr. Long's personal account and was quite inconsistent with the investment objectives and the C coding on the Robram account. If he understood that Mr. Long had come to Burns Fry because he was aware of Mr. Roy's style and that the accounts would be traded accordingly, he should have questioned the objectives and the coding at that time. If he did not have this understanding at the beginning, he should have gone further than merely discussing the matter with Mr. Roy when he became aware of the trading activity at the "getgo". Although Mr. Mills stated frequently that he looked for inconsistencies when he reviewed daily and monthly reports, he did not address this one, other than to talk to Mr. Roy and acquiesce in trading activity that was inconsistent with the codes and investment objectives for these accounts.[19] In light of the accounts' objectives it is difficult to accept that there was no reason to believe the trading in them was unsuitable, as Mr. Mills said.

Mr. Mills also did not fully explain why he encouraged the updating of these accounts, and especially the personal account, so soon after they were opened, without verifying the information with Mr. Long or ensuring that Mr. Roy did. In cross-examination he said he did not know whether Mr. Roy had contacted Mr. Long in connection with the change in the codes of these accounts and admitted that he had never met Mr. Long before the hearing. In view of the fact that the trading began immediately after the accounts were opened, and that they had been coded by Mr. Roy, an experienced registered representative, he should have done more.

Mr. Mills explained his instructions to Mr. Roy as being intended to bring the codes into line with the trading that was occurring in the accounts. Although the District Council accepts Mr. Mills' testimony that he was not attempting to "paper" the accounts, it does appear that his directions to update them were based on the trading and on his discussions with Mr. Roy. Indeed, in his evidence he said he relied on what Mr. Roy told him and not on how he filled out the NAAFs. As Ms. Gardiner testified, one cannot infer a client's investment objectives from the trading in his account, as it is necessary to know "who is driving the bus." Asking whether a registered representative is exercising discretion, as Mr. Mills did, is not always sufficient to answer this question. In view of the timing of Mr. Mills' instructions and the investment objectives on the NAAFs, Mr. Mills should have gone further and himself requested confirmation from Mr. Long or ensured that it was obtained by Mr. Roy.

It is possible that he would have done so, had he seen the update forms. Although there appears to have been no requirement that a branch manager approve these forms in the securities industry generally or in Burns Fry in 1993, it was Mr. Mills' practice to do so. In this case he did not, even though he had directed the update, was aware of the trading activity and must have noticed the change in the code on the March statement for Mr. Long's personal account and on Robram's July statement. Had he followed his ordinary practice, he would have noticed that Mr. Long's personal investment objectives remained unchanged and would not have approved the update, as he testified. Similarly, had he followed his normal practice with the update form for the Robram account, he would have seen that it too did not change the account's investment objectives. In the circumstances, the failure to follow his usual practice when he was aware of the update was unreasonable, particularly in light of the size and activity of the two accounts.

Mr. Mills was in regular contact with the compliance division of Burns Fry with respect to these accounts, as is evident from the documents contained in Exhibit 29. In his evidence, he said that he spoke to the credit manager and the director of compliance. No witness from Burns Fry's compliance or credit division was called to provide evidence on the nature of the discussions that Mr. Mills had with them about these accounts.[20]

Ms. Gardiner's report (Exhibit 4) notes that Mr. Long's personal account was frequently under margin during this period, but as this account was guaranteed by the Robram account in February 1993, it always met the margin requirements and margin reports were not required. It is not clear whether Mr. Mills was aware of the cross-guarantee between these two accounts. If he was, it might explain his reason for viewing them as a single account with a single set of objectives, although he testified that he viewed them as such only from May or June 1993, when the code for the Robram account was changed. On the other hand, if he was aware of the cross-guarantee, the activity in the two accounts might have led him to question Mr. Roy more vigorously or to take additional steps in view of the fact that the Robram account was identified as conservative, with a C code, and was guaranteeing active trading in an account coded R. Overall, this aspect of the evidence is unsatisfactory and the District Council draws no inference from it.

Mr. Mills also testified that he never noticed the relative values of the two Long accounts and did not realize

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19 Although Ms. Gardiner said she would not have expected Mr. Mills to notice the trading pattern in these accounts for the first few months, he stated in his evidence that he was aware of it.

20 The documents contained in Exhibit 29 appear to confirm that Mr. Mills was monitoring the activity in Mr. Long's accounts (e.g., Tab 5) and frequently discussed these accounts with Mr. Roy (Tab 17). Although they identify the activity, concentration and deterioration in quality of the investments in these accounts (Tabs 3, 5, 9, 12 and 17), they do not suggest that Mr. Mills was requested to take further steps, as he was with respect to another client (Tab 12). Nor do they explain the acceptance by the firm of the changes in coding without concomitant changes in Mr. Long's and Robram's investment objectives. Whatever the actual discussions that may have occurred, Mr. Mills remained responsible for fulfilment of his obligations as branch manager.

that 90 per cent of the combined assets were contained in the Robram account. No explanation was given for his failure to do so. It is, perhaps, surprising that he did not notice this in view of the fact that he was receiving monthly statements for both of them each month from February 1993 onward. It is also somewhat surprising in view of his testimony that Mr. Long's age was not inconsistent with a risk oriented approach for "a portion of his assets." [21] When making this assessment he should have taken the actual values of the assets into consideration, especially in view of the more conservative objectives attached to the larger Robram account which comprised almost one-third of the net worth stated on the NAAF for Mr. Long's account (Exhibit 1, Tab 1). Considering the attention these accounts received, this is a fact that should have been noticed by Mr. Mills.

Mr. Mills believed there was no need to investigate these accounts further than he did in view of his discussions with Mr. Roy, which indicated that Mr. Long was happy with the profit that he was making. This evidence is supported by a note on a commission report dated April 30, 1993 (Exhibit 29, Tab 5) to the effect that the compliance department had discussed the activity in Mr. Long's personal account with Mr. Mills, that the client was "making excellent profits" and that Mr. Mills was monitoring the account activity. Mr. Mills' monitoring activities, however, were limited to discussions with Mr. Roy. Thus he did not notice that the turnover in the Robram accounts in 1993 approached the threshold for churning or exceeded it by two and one-half times in Mr. Long's personal account. And while Mr. Long's profits may have provided some comfort in 1993, they should not have done so in 1994.

Despite all of these indications of "unusual trading activity", Mr. Mills never did more than talk to Mr. Roy. He never obtained the NAAFs for Mr. Long's accounts, he did not review the update forms, and he apparently did not consider contacting Mr. Long, although he said he had called or written clients in other cases. He said the volumes and commission levels concerned him, and he talked to Mr. Roy. He also talked to him about the concentration and the quality of investments in the account. In the circumstances of this case, he should have done more. There were too many indications of a need for further investigation for him to have relied solely on discussions with Mr. Roy. In effect this amounted to a delegation of responsibility to Mr. Roy with respect to the monitoring of his own accounts; *cf. In the Matter of Midland Walwyn Capital Inc.*, September 14, 1994 (T.S.E.) (Notice to Members No. 95-042, February 10, 1995).

Ironically, had he taken further steps, at least in 1993, some of his beliefs would have been confirmed. Mr. Long was, in fact, aware of the trading occurring in his accounts. He reviewed his monthly statements, checking them against the confirmations that he received for trades occurring in the accounts, and discussed trading activities with Mr. Roy frequently. He said that he was excited by the profits being made and in light of them was not concerned during this period with the level of commissions being charged. But it is not clear that he would have altered his investment objectives to permit an R code.[22] In any event, Mr. Mills never took the steps necessary to find out. And once the market turned, Mr. Long's attitude changed.[23]

2. June - December 1994

In June 1994 Mr. Long moved his accounts from Mr. Roy to Rod Behan, another registered representative in Mr. Mills' branch, whose name had initially been included among those provided by Richard. Mr. Behan was also an aggressive trader, and the top producer in the branch. His investment style differed from Mr. Roy's; he did not engage in momentum or other forms of short-term trading as a strategy, but attempted to identify small capital undervalued corporations with a potential for long-term growth.

After talking to Mr. Long, Mr. Behan had his assistant fill out new NAAFs for each of his accounts. The know-your-client information on the NAAF for Mr. Long's personal account, dated June 23, 1994 (Exhibit 1, Tab 5) was substantially identical to the one filled out by Mr. Roy in January. The investment objectives on it remained 60 per cent long-term growth, 20 per cent short-term trading and 20 per cent venture. Under the investment objectives, Mr. Behan wrote "aggressive investor". In his testimony he said he believed Mr. Long was an aggressive investor on the basis of his discussions with Mr. Long and because Mr. Long had maintained his accounts with Mr. Roy. He also believed Mr. Long's account should be coded R. The NAAF for this account was coded R507, although in this case the R appears from the copy in the evidence to have been written over an M. The NAAF for the Robram account, also dated June 23, 1994 (Exhibit 1, Tab 11), was essentially identical. Both NAAFs were approved by Mr. Mills the same day. Mr. Behan testified that Mr. Mills said he hoped Mr. Behan would do a better job with these accounts than Mr. Roy had.

Mr. Behan's conversations with Mr. Long led him to recommend that the account be restructured to reflect a greater long-term growth orientation. Following the transfer, there was less activity in Mr. Long's personal account; in July and November 1994 commissions were approximately $523 and $448, respectively, below the trigger for monthly review by the branch manager, and in August, September and October no trading occurred (Exhibit 5, Tab 2). Trading activity in the Robram account, however, remained at levels sufficient to

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21 Elsewhere in his evidence Mr. Mills said that the coding reflected his understanding of what Mr. Long sought "from this portion of his assets."

22 It is noteworthy that Mr. Long never agreed to investment objectives reflecting greater risk than the initial ones in his personal account which was initially, and correctly, coded M. The objectives in his account with Wood Gundy were essentially identical, see note 13 above, as were the objectives after he transferred his accounts to Mr. Behan subsequently.

23 One member of the District Council is of the view that a complaint concerning suitability by a client who has lost money in circumstances like these should generally be treated with some caution. As stated above, however, issues of this nature are more significant in a civil action between the client and his securities firm than in a disciplinary proceeding. This is especially so in this case where the most significant evidence was Mr. Mills'.

require reviews for each month, except November (Exhibit 5, Tab 3).

Mr. Mills testified that he discussed the transfer of the accounts with both Mr. Behan and Mr. Roy and questioned Mr. Roy about the reasons for it. Mr. Roy informed him that Mr. Long was dissatisfied with him over "service issues", not over the trading that had occurred in the account. This appears to be correct in part. Mr. Long said in his evidence that he was unhappy with Mr. Roy and not with the stock market, or apparently with Burns Fry. He mentioned that Mr. Roy had failed to return calls after a particular drop in the price of Gold Reserve shares in June 1994. Conversations between Mr. Long and Mr. Behan in October 1994 appear to confirm this, Exhibit 1, Tab 20, p. 7, but also suggest dissatisfaction with the securities recommended by Mr. Roy; Exhibit 1, Tab 21, p. 3.

After the transfer of the accounts, Mr. Long's relationship, and that of his family, with Burns Fry deteriorated. In July Mr. Long's wife transferred her accounts from Burns Fry to another investment dealer. She wrote a letter dated July 31, 1994 to Mr. Roy expressing her dissatisfaction with his handling of her accounts and her belief that he had mismanaged them (Exhibit 1, Tab 16). In the course of her letter, she referred to Mr. Long's accounts with Mr. Roy and Mr. Roy's refusal to send her a summary of the transactions in them. She sent a copy of this letter to Mr. Mills, with a covering letter in which she said Mr. Roy's mishandling of her accounts parallelled his treatment of Mr. Long's (Exhibit 1, Tab 16). She concluded the letter by stating that Mr. Mills should feel free to call her if he had any questions. Mr. Mills did not call her,[24] nor did the letter lead him to take any further steps with respect to Mr. Long or his accounts.

In September 1994 Mr. Long requested a copy of the NAAFs for his accounts. Mr. Behan sent them by fax on September 7, 1994 with a note summarizing his investment objectives as showing "an interest in venture situations and short-term trading with the emphasis on long term growth" and said Mr. Long was deemed to be an aggressive investor with excellent investment knowledge (Exhibit 1, Tab 17). In a letter sent by fax to Mr. Behan on October 21, 1994 (Exhibit 1, Tab 18) Mr. Long said that his investment knowledge was only "fair", that he was not an aggressive investor, that he did not wish to have "any more than 10% of my portfolio, at most, in any kind of risk or speculative situation" and that the balance of his account should be in more conservative investments, "with some weight given to income, given my age." He requested Mr. Behan to correct his account forms immediately and referred to the "inappropriate manner" in which Mr. Roy had handled his account.

Mr. Behan responded by telephone and letter. He had his assistant transcribe notes of the telephone conversation, a copy of which is included in the evidence (Exhibit 1, Tab 20). In both the telephone conversation and letter, Mr. Behan said Mr. Long's letter was not consistent with his investment objectives. In the fax cover sheet accompanying his letter (Exhibit 1, Tab 19) Mr. Behan said Mr. Long's accounts were "currently being managed with the objective of growth, not income" and requested Mr. Long to confirm his objectives.[25] The letter stated that a number of securities held in Mr. Long's portfolio were inconsistent with the 10 per cent risk limitation in his letter and were unsuitable in light of it; he noted that the Robram account, net of margin, was valued at approximately $710,000 and had over $500,000 invested in speculative gold exploration companies. He concluded by requesting a clear directive on how to proceed with the portfolio. A copy of the letter was provided to Mr. Mills.

This letter led to a further telephone conversation between Mr. Long and Mr. Behan on October 31, 1994 about Mr. Long's investment objectives (Exhibit 1, Tab 21). This conversation resulted in new NAAFs for the two accounts, which were filled out by Mr. Behan on November 1, 1994, and approved by Mr. Mills. Copies were sent to Mr. Long the same day; Exhibit 1, Tab 22 contains Mr. Behan's covering letter, which was copied to Mr. Mills.

The know-your-client information contained in the new NAAFs was identical for both of Mr. Long's accounts (Exhibit 1, Tabs 6 and 12). It showed fair investment knowledge, a net worth of over $1,000,000, and annual income of $200,000. The investment objectives were 70 per cent long-term growth, 20 per cent short-term trading, and 10 per cent venture, and the accounts were coded M/R3-7. As Mr. Behan testified, the change in the investment objectives from the previous NAAFs was minimal, involving only a 10 per cent increase in long-term growth and the same percentage reduction in venture. Mr. Behan's comments said the client wanted long-term growth, with the quality of investments upgraded over time from their current speculative orientation and that the client still sought capital gains. Shortly thereafter, Mr. Long moved both accounts to another securities firm.[26]

The most significant aspect of these events for the current proceeding relates to the NAAFs. When the accounts were transferred, the NAAFs dated June 23, 1994 were coded

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24 Mr. Mills said he showed Mrs. Long's letter to Burns Fry's compliance department and they did not view it as a complaint. As a result he concluded that the obligation under the Policy and Burns Fry's Manual to respond to a complaint did not apply. In her submissions Ms. McManus identified this as a failure to comply with these obligations. This failure, if it was one, was not alleged in the Notice of Hearing and need not be addressed here.

25 In his letter, he accepted Mr. Long's characterization of his own investment knowledge as "fair", although in his evidence he said he believed Mr. Long's knowledge to be good to excellent, in view of his participation in the securities market for over twenty years and their conversations.

26 The NAAFs for the accounts at this new firm were put into evidence. The NAAF for Mr. Long's personal account stated that his investment knowledge was "limited" and that the account objective was capital gains with an allocation of 40 per cent long-term, 35 per cent medium-term and 25 per cent short-term (Exhibit 12). The objectives on the Robram NAAF were 50 per cent income and 50 per cent capital gains with 25 per cent allocated to each of the medium and long-term categories (Exhibit 13). Risk factors were identified on the Robram NAAF as 75 per cent low and 25 per cent medium.

R507, even though the percentage of short-term trading and venture categories on them totalled only 40 per cent, not the 75 per cent or more specified in the Burns Fry Manual. In fact, these were the same objectives reflected on Mr. Long's initial NAAF of January 5, 1993, which was coded M.

This disparity should have alerted Mr. Mills and led to further investigation. These were accounts with which Mr. Mills, on his own evidence, was very familiar. He had instructed Mr. Roy to update the NAAFs and change the codes to reflect the trading in them. Despite all of the history, Mr. Mills approved NAAFs for Mr. Long's two accounts with an R code, which was inconsistent with their investment objectives. In the District Council's view, the circumstances relating to these accounts and their trading history required him to write or call Mr. Long.

Mr. Mills attempted to explain his approval in two ways. He said he saw no inconsistency in the transfer as both Mr. Behan and Mr. Roy were aggressive traders. He spoke with Mr. Behan and Mr. Roy, who characterized the change as service related. Even if accurate, this explanation does not address this issue. The reason for the transfer is not related to the fact that the codes on the NAAFs do not match the investment objectives.

In cross-examination Mr. Mills was asked how he could justify an R code for an account with these investment objectives. He responded that the code on these accounts reflected his understanding of Mr. Long's "real investment objectives", rather than those reflected on the NAAFs. He also suggested that long-term growth necessarily includes risk, as all equity investments carry risk. In short, he took the position that as a branch manager "on the front line" it was his responsibility to evaluate a client's investment objectives and assess the correct code, even if it did not correspond to the definitions in Burns Fry's Manual.

In the District Council's view, this explanation is unacceptable. The facts that all equity securities may carry some risk and risk oriented securities may be purchased for long-term growth did not justify a departure of this nature from the classification system in the Burns Fry Manual. The Manual classifies long-term growth as a conservative objective; it specifies that an R code is based on a total percentage of 75 or more for short-term trading and venture.

As Mr. Haldane testified, and Mr. Mills acknowledged, the code on a NAAF was intended for supervisory purposes within Burns Fry. A branch manager's daily and monthly reviews were based on the account code printed on the reports, as a branch manager would not be able to remember the investment objectives specified on each NAAF.[27] The code also served as a guide for head office reviews by the compliance department. In view of the code's purpose, it is not reasonable for a branch manager to diverge from the investment objectives on a NAAF when approving the coding of an account, especially to the degree reflected on the two NAAFs of June 23, 1994.

The effect of permitting an R code for these accounts was to have them reviewed on the basis of an expected investment pattern with a greater than 75 per cent risk orientation, and possible active and aggressive trading, when the objectives stated a 60 per cent conservative goal. The coding thus came close to reversing the objectives. This was inconsistent with the M code on Mr. Long's initial NAAF (Exhibit 1, Tab 1) which had the same objectives as the new ones. It was also inconsistent with Mr. Mills' evidence that he would not have approved the March 1993 update for Mr. Long's personal account, had he seen the objectives on the update form.

While it is reasonable for a branch manager to rely on a registered representative to accurately reflect the information he obtains from a client on a NAAF, this is not the case when there is an inconsistency on the NAAF which does not correspond to the usual practices of the firm. As the accuracy of the NAAF and branch manager's review provide the basis for subsequent account reviews, the branch manager's adherence to firm norms when approving a new account is an essential part of the supervisory system for retail account activities. In light of the importance of this function and in the particular circumstances of these accounts, Mr. Mills should have taken further steps himself to address Mr. Long's true objectives.

The same is true of the new NAAFs in November, which had a more conservative set of objectives. The code on these NAAFs was M/R which suggested objectives toward the high end of risk orientation, although below 75 per cent in that category. A more accurate reflection of the stated investment objectives would have been M/C. By this time, Mr. Mills was clearly aware of Mr. Long's dissatisfaction, as he had received a copy of Mr. Behan's letter of October 21, 1994, had presumably discussed the matter with him, and had received Richard's telephone call. The disparity between the investment objectives shown on these NAAFs and the recoding to M/R should have led Mr. Mills to take further steps to contact Mr. Long directly to determine whether his accounts had been handled in accordance with his desires throughout the full period.

The District Council has reached these conclusions recognizing that Mr. Long was aware of the trading in both of his accounts throughout the period from January 1993 to November 1994, was pleased with the profits made in 1993 and never voiced a complaint prior to his letter of October 21, 1994 to Mr. Behan. While these facts may be relevant in a civil dispute between a member firm and its client, they are not determinative of Mr. Mills' supervisory obligations. These obligations are governed by the requirement in paragraph 1300.2 of the Regulations and the terms of the Policy, as well as by Burns Fry's procedures, as reflected in its Manual, and Mr. Mills' usual practices. While Mr. Mills' conduct may be understandable in the circumstances, in the District Council's view it represents a failure to fulfil his supervisory responsibilities in a reasonable manner.

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27 At the relevant times copies of NAAFs were kept by the registered representative responsible for the accounts and by the firm's head office, but not by branch managers. A branch manager would ordinarily rely on the code and would have to retrieve and look at the NAAF if a review suggested a reason to do so. This is no longer the case; all know-your-client information for each account is now readily accessible on computer screens.

3. Summary

In summary, the District Council is of the view that Mr. Mills failed to fulfil his supervisory obligations in the following respects:

(1) he accepted a dramatic departure from the investment objectives and the coding in Mr. Long's accounts immediately after they were opened. In view of Mr. Roy's experience, he should have paid more attention to the investment objectives specified on the initial NAAFs;

(2) he instructed Mr. Roy to update the accounts, based primarily on the trading activities being conducted in them and on his knowledge of Mr. Roy, within a short time of their being opened, without ensuring that Mr. Roy verified the new objectives with Mr. Long and without taking steps to do so himself;

(3) in view of the change in the accounts' profile from conservative to risk oriented and the concentration in them, particularly in Gold Reserve shares, Mr. Mills should have done more than simply talk to Mr. Roy, especially in view of the investment objectives on the NAAFs for these accounts;

(4) Mr. Mills failed to give due regard to a number of signals which were inconsistent with the objectives of the account and which cumulatively, when viewed with the facts already referred to, required further steps;[28]

(5) Mr. Mills should not have accepted an R code for the NAAFs in June 1994, in view of the investment objectives reflected on them;

(6) the transfer of Mr. Long's accounts to Mr. Behan in June 1994 and the investment objectives on the NAAFs which differed significantly from the handling of those accounts over the preceding year and a half, as well as from the codes for these accounts, should also have alerted Mr. Mills to the need for further steps; had he not done so previously, he should have contacted Mr. Long at this time;

(7) the same conclusions apply to the investment objectives contained in the NAAFs of November 1, 1994.

E. The Catania Accounts

Although the reply initially filed on behalf of Mr. Mills denied a number of allegations in the Notice of Hearing relating to Mr. Catania's accounts, an agreed statement of facts dated January 17, 2000 (the "Agreed Statement") was put into evidence at the hearing (Exhibit 15). The facts relating to Mr. Catania's accounts are straightforward.

Mr. Catania opened three accounts with Mr. Roy in the Burns Fry branch managed by Mr. Mills, the first on December 6, 1993, when Mr. Catania was sixty-two years old. At the time Mr. Catania was operating a small business, but had no income from it. His only income was the reduced pension he received from the Canada Pension Plan and an additional $1,000 per month drawn from a $142,000 portfolio of mutual funds, which represented his and his wife's entire net worth. His wife's annual income from employment was approximately $13,000 to $14,000.

Mr. Catania and his wife were living in an apartment, which indicates they did not own their own home. Mr. Catania had recently suffered trading losses of approximately $2,000 in an account at Moss Lawson, prior to moving the account to Mr. Roy at Burns Fry.

The NAAF for Mr. Catania's account, dated December 6, 1993, was signed by Mr. Roy and approved by Mr. Mills the following day, December 7, 1993 (Exhibit 1, Tab 29). It indicated Mr. Catania's investment knowledge was excellent, his net worth was approximately $250,000, he had an annual income of $30,000 and was self-employed, and it said he was a former institutional broker with investment objectives of 80 per cent long-term growth, 15 per cent short-term trading and 5 per cent venture. The NAAF was coded M504. In light of the investment objectives on it, the code should have been C504. The NAAF also showed an initial cash deposit of $15,000 and an initial trade of 500 shares of Gold Reserve.

Ms. Gardiner testified that in December 1993, the month in which this account was opened, trading resulted in $941 in commissions, which was sufficient to trigger a monthly review by Mr. Mills. The only investment in this account at the end of December was shares of Gold Reserve, which was classified as speculative by Burns Fry. As a result, the profile of the account was 100 per cent venture, which was inconsistent with its investment objectives and code.

Mr. Roy opened a second account for Mr. Catania and his wife on February 2, 1994. The NAAF for this account (Exhibit 1, Tab 31) indicated excellent investment knowledge, a net worth of $250,000 to $500,000, annual income of $30,000 for Mr. Catania and $15,000 for his wife, and investment objectives of 25 per cent income, 60 per cent long-term growth, 10 per cent short-term trading and 5 per cent venture. This NAAF, too, was incorrectly coded as M504, signed by Mr. Roy, and approved by Mr. Mills.

In March 1995 trading in this account resulted in commissions of $1,320.68, requiring a monthly review by Mr. Mills. All of the securities held in this account at the end of March were classified as venture by Ms. Gardiner, although the code was M. No steps were taken by Mr. Mills with respect to the account at that time.

According to the Agreed Statement a third account, identified as a corporate account, was opened for Mr. Catania and his wife by Mr. Roy on December 3, 1996. The NAAF for this account (Exhibit 1, Tab 32) showed a liquid net worth of $65,000, annual income of $35,000 for Mr. Catania and

[28] An additional example is a short sale of shares of Coca Cola in the Robram account in April 1993, when the account was coded C. While not alone sufficient to warrant a conclusion of supervisory failure, this short sale was an additional signal that, in the total context, reinforces the District Council's conclusion.

$15,000 for his wife, and investment objectives of 10 per cent cash, 10 per cent income, 70 per cent moderate growth and 10 per cent aggressive trading, and had no information on investment knowledge. This account was also coded M, when it should have been coded C. A new NAAF dated January 3, 1997 (Exhibit 1, Tab 32) changed the account holder to H.F. Catania Inc. and omitted the information relating to Mrs. Catania, but otherwise contained the same information.

The Agreed Statement does not say that Mr. Mills approved these two NAAFs. More importantly, the allegation in the Notice of Hearing that he did is inconsistent with the evidence at the hearing and information provided by Ms. McManus. Mr. Mills testified that he checked his records and was sure that Mr. Roy left his branch in March 1996. He disagreed with Ms. McManus' representation that, according to the Association's records, Mr. Roy left in November 1996. Whichever date is correct, Mr. Roy left the branch before December 3, 1996, when the third account was opened.[29] The District Council, therefore, determined to disregard this allegation.

The Agreed Statement states that the trading conducted by Mr. Roy in the Catania accounts "was, to a large extent, inappropriate and not in keeping with the investment objectives." Trading in these accounts over the relevant period resulted in a loss to Mr. Catania of $25,221.53, 72.6 per cent of the funds he had invested with Mr. Roy.

In his testimony Mr. Mills addressed the NAAFs for the two accounts opened in December 1993 and February 1994. While admitting that the initial NAAF should have been coded C, if the coding instructions in the Burns Fry Manual were strictly followed, he said that nothing on the form "precluded it" from being coded M. He said that in approving the NAAF he considered that Mr. Catania was a sixty-two year old entrepreneur and a former institutional trader and was influenced by the fact, shown on the NAAF, that Mr. Catania had been referred to Mr. Roy, which suggested his investment goals matched Mr. Roy's style of trading. He said the same explanation applied to the NAAF for the account opened in February 1994, as it had a mixture of objectives.

In cross-examination he said he accepted Mr. Roy's characterization of the account as a mixed portfolio and ignored the strict interpretation of the "guidelines" in Burns Fry's Manual because he trusted that Mr. Roy knew what the client's risk tolerance was. In other words he made a conscious decision to rely on Mr. Roy and not to follow the coding requirements in Burns Fry's Manual. In view of the purpose of the codes, in doing so he failed to fulfil his supervisory responsibilities.

Mr. Mills attempted to explain why he approved the NAAF in December 1993, when it reflected an initial investment in shares of Gold Reserve, a speculative security. He said he based his conclusion on the net worth shown on the NAAF, rather than the objectives, and that as a branch manager he had to make an assessment whether the first trade was appropriate in light of the client's net worth. He also said that the first trade was not significant, as there could be additional funds coming into the account, and that even though Burns Fry characterized Gold Reserve as speculative, he could not assume it was not being purchased for long-term growth, as a speculative security was not inconsistent with a long-term growth objective. As a result, he "did not have trouble with it."

Although this answer is technically correct, it does not reflect the code in the Burns Fry Manual. While a branch manager is entitled to exercise some judgment, Mr. Mills should not have approved this transaction given his knowledge of Mr. Roy's trading style and the information on the NAAF. His failure to fulfil his supervisory responsibilities is emphasized by the specific question in the Burns Fry Manual relating to supervision of NAAFs and indication of a first trade. The Manual states that a supervisor should ask whether the initial trade is appropriate, "given the client's objectives and financial situation" (Exhibit 4, Tab 8C, p. VI-3).[30]

Mr. Mills was not able to provide any explanation for his failure to notice the composition of Mr. Catania's account in March 1995. He stated that he "just missed it" and should probably have looked into it. In cross-examination he admitted having previously stated, when interviewed by the Association's investigator, that he should have updated Mr. Catania's NAAFs to reflect the aggressive trading in his accounts.

In her submissions Ms. McManus focussed on Mr. Mills' admission that trading in this account was unsuitable. She argued that undue concentration was obvious in December 1993, the first month, and in March 1995 and that Mr. Mills failed to supervise for concentration, as well as failing to correct the code on the NAAFs. Mr. Wardle said Mr. Mills made only two errors; he missed the coding errors on the NAAFs, which Mr. Wardle admitted should have been C, and he missed the profile of the account in March 1995. He submitted that the errors on the NAAFs were minor, and that the error in March 1995 was not a major issue. In effect, he invited the District Council to dismiss Mr. Mills' conduct as involving no more than trivial contraventions of the Association's requirements.

In the District Council's view, Mr. Mills failed to fulfil his supervisory obligations when he approved the NAAFs for Mr. Catania's accounts and when he failed to detect the divergence from the investment objectives in March 1995.

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29 The signature of the approving branch manager on the copies of the NAAFs for this account in Exhibit 1 does not appear to be Mr. Mills'.

30 Gold Reserve shares were purchased for the Robram account on December 8, 1993 at a price of $19.75 per share; Exhibit 2, Tab 1. Assuming that the cost of 500 Gold Reserve shares, the number on the NAAF, before commission, was $9875 ($19.75 per share), this purchase for Mr. Catania's account would have constituted over 65 per cent of the amount deposited into the account and just under 4 per cent of Mr. Catania's net worth, assuming it to have been $250,000 as shown on the NAAF. For this single purchase to remain within the 5 per cent limit on venture on the NAAF, Mr. Catania would have had to be prepared to invest $197,500. In view of the net worth and income shown on the NAAF, this is hardly a realistic, or suitable, scenario.

Whether these failures are significant or merely trivial is a matter relating to penalty.

F. Conclusion

Branch managers have an important role under the self-regulatory system in our securities markets. The obligations requiring supervision of retail client accounts are intended to ensure appropriate handling of client accounts for the benefit of both the client and the firm, as recognized in Burns Fry's Manual. The performance of these obligations takes place in a wide variety of circumstances, involving many clients and many accounts, each having its own characteristics and objectives. It is for this reason that the Policy establishes only minimum standards and expressly states that in some situations a higher standard may be required. That standard is reasonableness, which is frequently determined in hindsight and is invariably fact-driven in its application to the specific relationships and circumstances under consideration.

This is the standard the District Council has applied in this decision. There has been no suggestion that Mr. Mills wilfully ignored his supervisory responsibilities. Indeed, the evidence suggests the contrary. Mr. Mills was the branch manager in a busy branch. He attempted, for the most part, to follow the requirements in the Policy and the Burns Fry Manual. His errors were errors of judgment. He assumed that as a manager he was entitled to override the coding guidelines in the Burns Fry Manual; he placed too much trust in an aggressive registered representative; and he failed to respond to a number of indications, identified in these reasons, that should have led him to take further steps. Such errors, particularly because of the legitimate tendency of managers to trust registered representatives with whom they work closely, must be carefully guarded against. A branch manager should be alert to facts that, even with honest and trustworthy registered representatives, may indicate a need for further investigation. It is sometimes necessary that the manager go beyond discussions with a registered representative and address an issue directly with the client. In the District Council's view, this case represents one such instance.

For all of these reasons, the District Council has concluded that Mr. Mills failed to supervise the conduct of Mr. Roy with respect to Mr. Long's and Mr. Catania's accounts in accordance with the requirements of the Policy, contrary to paragraph 1300.2 of the Regulations. It is necessary, therefore, to convene a hearing to consider an appropriate penalty.

G. Decision

1. The District Council finds that the respondent committed the violations alleged in the Notice of Hearing, other than with respect to the third account opened for Mr. Catania.

2. The District Council rules that a penalty hearing be scheduled at the earliest convenient date.

Dated this 13th day of September, 2000

"Philip Anisman", Chair

"Sean Church", Member

13.1.2 Proprietary Electronic Trading Systems

REGULATORY NOTICE
No. 2000-028
September 22, 2000

Suggested Routing: Trading, Legal & Compliance

Proprietary Electronic Trading Systems

On May 29, 2000, the Board of Directors of The Toronto Stock Exchange Inc. (the "Exchange") approved amendments to the Rules of the Exchange related to Proprietary Electronic Trading Systems ("PETS") operated or sponsored by Participating Organizations ("POs"). These amendments were published for comment public in the OSC Bulletin of June 16, 2000 and issued by the Exchange on June 16, 2000 as Regulatory Notice 2000-016. No public comments were received. The Ontario Securities Commission (the "OSC") approved the amendments on September 5, 2000 subject to certain editorial changes being made to the text of the amendments.

BACKGROUND:

HARMONIZATION WITH THE ORDER EXPOSURE RULE

Rule 4-402 (the "Order Exposure Rule") presently requires a PO to immediately enter a client order to buy or sell 1,200 shares or less in the book on the Exchange or on another stock exchange. Debentures, preferred shares, limited partnership units and securities traded in US funds are exempt from the Order Exposure Rule.

Prior to the amendments, Rule 4-104 (the "PETS Rules") allowed a PO to operate or sponsor a PETS which was:

- integrated with the Exchange's market (so that a PETS may match orders which are at or between the bid and offer in the book of the Exchange); and
- limited to handling orders for at least 10,000 securities with a value of at least $100,000.

The amendment harmonizes the operation of the Order Exposure Rule and the PETS Rule to the greatest extent possible such that orders which need not be exposed in the book or traded on the Exchange may be traded through a PETS. Orders for more than 1,200 preferred shares, limited partnership units or securities traded in US funds are also eligible to be traded though a PETS. As Rule 4-102(1)(j) already permits certain debt securities to be traded off-Exchange where the order exceeds $10,000 in principal amount of the debt security, the amendment provides a $10,000 threshold for the ability to trade debt securities through a PETS.

EDITORIAL CHANGES

The text of the amendments approved by the Board on May 29, 2000 proposed to redefine "PETS" as "alternative trading systems". As the definition of an "alternative trading system" in the Rules would be different from that proposed in July of 2000 by Canadian Securities Administrators for an ATS, the OSC suggested that the Rules continue to refer to a "PETS" in order to avoid confusion. The amendment was redrafted in accordance with the suggestions from the OSC. The substance of the amendment to the PETS Rule remains the same in that a PETS may trade any order that need not be exposed in the book or traded on the Exchange.

TEXT OF AMENDMENTS TO THE RULES

Appendix "A" is the text of the amendment to the Rules on PETS which is effective as of September 5, 2000.

QUESTIONS

Questions concerning this notice should be directed to Regulatory and Market Policy by contacting either Patrick Ballantyne, Director at (416) 947-4281 or James E. Twiss, Legal and Policy Counsel at (416) 947-4333.

BY ORDER OF THE BOARD OF DIRECTORS

LEONARD P. PETRILLO
VICE PRESIDENT, GENERAL
COUNSEL AND SECRETARY

APPENDIX "A"

THE RULES
of
THE TORONTO STOCK EXCHANGE

The Rules of The Toronto Stock Exchange are hereby amended by deleting rule 4-4104(2)(a) and substituting the following:

(a) limited to orders for more than:

(i) 1,200 units of a listed security other than a debt security, and

(ii) $10,000 in principal amount of a listed security that is a debt security;

THIS RULE AMENDMENT MADE as of this 5th day of September, 2000.

Daniel F. Sullivan, Chair

Leonard P. Petrillo, Secretary

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Chapter 25

Other Information

25.1.1 Securities

RELEASE FROM ESCROW

COMPANY NAME	DATE	NUMBER AND TYPE OF SHARES	ADDITIONAL INFORMATION
The InfoUtility Corporation	Sept. 8/2000	92,469 common shares	for purpose of cancellation

TRANSFER WITHIN ESCROW

COMPANY NAME	DATE	FROM	TO	NO. AND TYPE OF SHARES
Haemacure Corporation	Sept. 14/2000	SGF Tech Inc.	SGF Sante Inc.	737,713 common shares

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