

The Ontario Securities Commission

# OSC Bulletin

September 29, 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 Securities Commission**

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Toronto, Ontario  
M5H 3S8

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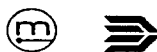
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## ONTARIO SECURITIES COMMISSION

### DIRECTOR, TAKE-OVER/ISSUER BIDS, MERGERS & ACQUISITIONS

We are seeking an exceptional individual with a keen interest in M&A transactions to lead the Commission's **Take-over/Issuer Bids, Mergers and Acquisitions (M&A) Team**, effective January 2, 2001. The position provides a unique opportunity to directly influence a rapidly evolving capital marketplace.

In this role, you will:

- direct the M&A Team, which has five other members and operates within the Corporate Finance Branch of the Commission;
- be responsible for the development of law and policy in this area of regulation;
- exercise significant judgment with respect to the granting of relief from or pursuing the enforcement of securities laws relating to M&A transactions;
- participate in hearings before the Commission related to M&A transactions, including hearings related to shareholder rights plans or poison pills;
- serve as a resource to the Commission, staff and the public in respect of M&A matters;
- work closely with staff of the Canadian Securities Administrators and other securities regulators in connection with the securities regulation of M&A transactions.

You are a seasoned lawyer with extensive experience in M&A transactions and a strong interest in contributing to the development of the law and policy in this area. You have strong inter-personal skills. Your dispute resolution skills enable you to facilitate the identification and resolution of issues that can arise in M&A transactions. Fluency in French would be an asset but is not essential. Both secondments and permanent employment relationships will be equally considered.

If you thrive in a collegial, responsive, performance-based culture, and would like to work on our team, please submit your resume in confidence by **October 27, 2000** to:

David A. Brown, Q.C.  
Chair, Ontario Securities Commission  
Suite 1900, Box 55  
20 Queen Street West  
Toronto, Ontario M5H 3S8.

To learn more about the Ontario Securities Commission, please visit our web-site at  
[www.osc.gov.on.ca](http://www.osc.gov.on.ca).



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

**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

S. B. McLaughlin

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 Delloso, 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

Oct 11/2000  
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 - **Dual Capital Management Limited,**  
Nov 3/2000 **Warren Lawrence Wall, Shirley Joan**  
Trial **Wall**

s. 122  
Ms. J. Superina in attendance for staff.

Court Room No. 9  
114 Worsley Street  
Barrie, Ontario

- Oct 16/2000 - **John Bernard Felderhof**  
Dec 22/2000  
10:00 a.m. Mssrs. J. Naster and I. Smith  
for staff.

Courtroom TBA, Provincial Offences  
Court

Old City Hall, Toronto

- Dec 4/2000 **1173219 Ontario Limited c.o.b. as**  
Dec 5/2000 **TAC (The Alternate Choice), TAC**  
Dec 6/2000 **International Limited, Douglas R.**  
Dec 7/2000 **Walker, David C. Drennan, Steven**  
9:00 a.m. **Peck, Don Gutoski, Ray Ricks, Al**  
Courtroom N **Johnson and Gerald McLeod**

s. 122  
Mr. D. Ferris in attendance for staff.  
Provincial Offences Court  
Old City Hall, Toronto

- Jan 29/2001 - **Einar Bellfield**  
Feb 2/2001  
9:00 a.m. 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 Notice of Commission Decision  
Temporarily Exempting the Montreal  
Exchange from Recognition**

**Notice of Commission Decision Temporarily Exempting  
the Montreal Exchange from Recognition**

The Montreal Exchange (the "ME") has made a formal application to the Commission to be recognized as an exchange under s.21 of the Act and s.15 of the *Commodity Futures Act*. The application is currently under review. In order to allow the ME to carry on business in Ontario, the Commission has granted the Montreal Exchange a temporary exemption from the requirement to be recognized, pending completion of the recognition process.

The order is published below.

Questions can be addressed to:

Randee Pavalow  
Manager, Market Regulation  
(416) 593-8257

or

Jennifer Elliott  
Legal Counsel, Market Regulation  
(416) 593-8109

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

**AND**

**THE COMMODITY FUTURES ACT, R.S.O 1990,  
CHAPTER 20, AS AMENDED (THE "CFA")**

**AND**

**IN THE MATTER OF  
THE MONTREAL EXCHANGE**

**ORDER**

**(section 147 of the Act and section 80 of the CFA)**

**UPON** the application of the Montreal Exchange and the Montréal Exchange Inc. (collectively referred to as the "ME"), pursuant to section 147 of the Act and section 80 of the CFA for an order exempting the ME from the requirement to be recognized as a stock exchange under section 21 of the Act and registered as a commodity futures exchange under section 15 of the CFA (the "Application");

**AND UPON** the ME having represented to the Commission that:

1. the ME is presently a not-for-profit organization incorporated under the laws of Québec;
2. on or about October 1, 2000, the ME will become a corporation created and organized under the

*Companies Act* (Québec) to operate as an exchange; and

3. the ME carries on business as a stock exchange and a derivatives exchange in Québec and is recognized under the *Securities Act* (Québec) as a self-regulatory organization;

**AND UPON** the Commission being satisfied that granting the ME an exemption order pursuant to section 147 of the Act and section 80 of the CFA on an interim basis would not be contrary to the public interest;

**IT IS ORDERED**, pursuant to section 147 of the Act and section 80 of the CFA, that the ME be exempt from the requirement to be recognized as a stock exchange under section 21 of the Act and registered as a commodity futures exchange under section 15 of the CFA, so long as the ME continues to be recognized as a self-regulatory organization under the *Securities Act* (Québec); provided that:

1. the exemption provided for in this Order shall terminate at the earlier
  - (i) of the date that the ME is granted an order by the commission recognizing it as a stock exchange and registering it as a commodity futures exchange or exempting it from the requirement to be recognized as a stock exchange and registered as a commodity futures exchange; and
  - (ii) the expiry of four months from the date of this order.

**DATED** September 26<sup>th</sup>, 2000.

"D. A. Brown"

"J. F. Howard"

**1.1.3 Amendments to Rules Extending the Expiration Date from December 31, 2000 to December 31, 2001 and from July 1, 2001 to July 1, 2002 – Notice of Commission Approval**

**NOTICE OF COMMISSION APPROVAL OF AMENDMENTS TO RULES EXTENDING THE EXPIRATION DATE FROM DECEMBER 31, 2000 TO DECEMBER 31, 2001 AND FROM JULY 1, 2001 TO JULY 1, 2002 AND COMMISSION INTENTION TO ALLOW LAPSING OF SOME DEEMED RULES**

The Commission is publishing in today's Bulletin amendments to the following Rules and Notices respecting the amendments, for the purpose of extending the expiration date of these Rules from December 31, 2000 to December 31, 2001 and from July 1, 2001 to July 1, 2002:

1. *In the Matter of Certain Reporting Issuers* [including National Policy Statement No. 41 (1997), 20 OSCB 1219, as amended by (1999), 22 OSCB 152 and (2000), 23 OSCB 288;
2. *In the Matter of Certain Reporting Issuers* (1997), 20 OSCB 1218 and 1219, as amended by (1999), 22 OSCB 151 and (2000), 23 OSCB 289 (3 rules); and
3. *In the Matter of Regulation 1015, R.R.O. 1990, as amended, and In the Matter of Certain International Offerings by Private Placement in Ontario* (1997), 20 OSCB 1219, as amended by (1998), 21 OSCB 4211 and (1999), 22 OSCB 3900.

The Notices and the amendments to the Rules are published in Chapter 5 of the Bulletin.

The Commission also intends to allow the following former deemed rules to lapse upon their expiration date:

1. *In the Matter of the Limitations on a Registrant Underwriting Securities of a Related Issuer or Connected Issuer of the Registrant* (1997), 20 OSCB 1217, as amended by (1999), 22 OSCB 149 and (2000), 23 OSCB 285; expires December 31, 2000; for explanation see accompanying notice.
2. *Blanket Permission – International Offerings Made By Way of Private Placement in Ontario – Subsection 38(3) of the Securities Act (Ontario)* (1997), 20 OSCB 1219, as amended by (1998), 21 OSCB 4211 and (1999), 22 OSCB 3900; expires July 1, 2001; for explanation see 23 OSCB 6208.

**Reference:**

Kathleen Finlay  
Manager, Project Office  
Ontario Securities Commission  
(416) 593-8125

Randy Hahn  
Project Coordinator, Project Office  
Ontario Securities Commission  
(416) 595-8943

**1.1.4 Ontario Securities Commission Rule in the Matter of the Limitations on a Registrant Underwriting Securities of a Related Issuer or Connected Issuer of the Registrant**

**NOTICE OF COMMISSION INTENTION TO ALLOW LAPSING OF RULE IN THE MATTER OF THE LIMITATIONS ON A REGISTRANT UNDERWRITING SECURITIES OF A RELATED ISSUER OR CONNECTED ISSUER OF THE REGISTRANT**

The Commission is publishing in today's Bulletin Notices that set out proposed amendments to Rules, which were formerly deemed Rules, for the purpose of extending their expiration dates.

No amendment has been proposed to extend the expiration date for the Rule entitled *In the Matter of the Limitations on a Registrant Underwriting Securities of a Related Issuer or Connected Issuer of the Registrant* (1997), 20 OSCB 1217, as amended by (1999), 22 OSCB 149 and (2000), 23 OSCB 285 (the "Underwriting Conflicts Rule").

The Underwriting Conflicts Rule is now scheduled to expire on the earlier of the date on which a new rule intended to replace it comes into force and December 31, 2000. Although it is now anticipated that no rule intended to replace the Underwriting Conflict Rule will come into force before December 31, 2000, the Commission is not proposing an amendment to extend the expiration date for the Underwriting Conflicts Rule because, the Commission understands, registrants do not rely upon the Rule, with those circumstances where there is difficulty in complying with the provisions of clause 224(1)(b) of R.R.O. 1990, Regulation 1015, as amended (the "Regulation"), which the Underwriting Conflicts Rule varies, generally dealt with by way of a specific application pursuant to section 233 of the Regulation. In many cases, the applications have been recommended to the Commission on the basis that the applicant demonstrates compliance with the latest version of proposed Multi-Jurisdictional Instrument 33-105 *Underwriting Conflicts*, published for comment on February 6, 1998, at (1998), 21 OSCB 788.

Persons or companies affected by or concerned about the Commission's intention not to extend the expiration date of the Underwriting Conflicts Rule are invited to discuss their circumstances or concerns with staff of the Commission.

Questions may be referred to:

Robert Kohl  
Senior Legal Counsel, Corporate Finance  
Ontario Securities Commission  
(416) 593-8233

### 1.1.5 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 31<sup>st</sup>, 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 11<sup>th</sup> 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](http://www.osc.gov.on.ca).

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#### ***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)

<p><b>11:00 - 11:40 Break Out Session 1</b></p> <p><input type="checkbox"/> Market Regulation Update</p> <p><input type="checkbox"/> Enforcement Issues</p> <p><input type="checkbox"/> Corporate Finance: An Update</p>	<p><b>2:00 - 3:15 Break Out Session 3</b></p> <p><input type="checkbox"/> Financial Planning Update</p> <p><input type="checkbox"/> Current Financial Reporting/Auditing</p> <p><input type="checkbox"/> Latest Developments in Mergers/Acquisitions</p>
<p><b>11:50 - 12:30 Break Out Session 2</b></p> <p><input type="checkbox"/> Mutual Funds: The Launch of the MFDA</p> <p><input type="checkbox"/> Strengthening the Secondary Market</p> <p><input type="checkbox"/> International Issues</p>	<p><b>3:30 - 4:45 Break Out Session 4</b></p> <p><input type="checkbox"/> Regulating Mutual Funds</p> <p><input type="checkbox"/> SRO Oversight</p> <p><input type="checkbox"/> Investor Education</p>

**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](http://www.osc.gov.on.ca)

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# 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

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](http://www.osc.gov.on.ca)

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**Tuesday, October 31, 2000 • Sudbury**

# 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

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](http://www.osc.gov.on.ca)

**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)

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](http://www.osc.gov.on.ca)

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**Tuesday, October 31, 2000 • Ottawa**



**1.2 Notice of Hearings**

**1.2.1 Adrian Beale et al. - s. 127**

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

**AND**

**IN THE MATTER OF  
ADRIAN BEALE, DOMINIQUE BOITER, MICHAEL  
BUSUTTIL, PETER S. CROMBIE, PAUL CURLEY, TOM  
DE FAYE, ALAN GANE, LARRY HALEY, PHIL  
HEMBRUFF, RAYMOND V. HESSION, ROLAND HORST,  
TONY JOHNSTON, BOB LO, TERENCE J. MCCONNELL,  
GARY M. MUNSINGER, SCOTT NELSON, ANDY A.  
RYBAK, JAY SARKAR, THEODORE M. WELP, AND  
RESEARCH CORPORATION TECHNOLOGIES, INC.**

**NOTICE OF HEARING  
(Section 127)**

**TAKE NOTICE** that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at 20 Queen Street West, 17<sup>th</sup> Floor Large Hearing Room, Toronto, Ontario commencing on the 25th day of September, 2000 at 10:00 a.m..

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

- (i) that trading, whether direct or indirect, in securities of IDS Intelligent Detection Systems Inc. by any of the respondents cease permanently or for such period as the Commission may determine; and/or
- (ii) such other order as the Commission may deem appropriate;

**BY REASON OF** the allegations set out in the Statement of Allegations of Staff of the Commission and such additional allegations as 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 12<sup>th</sup>, 2000.

"John Stevenson"

**1.2.2 Adrian Beale et al. - Statement of Allegations**

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

**AND**

**IN THE MATTER OF  
ADRIAN BEALE, DOMINIQUE BOITER, MICHAEL  
BUSUTTIL, PETER S. CROMBIE, PAUL CURLEY, TOM  
DE FAYE, ALAN GANE, LARRY HALEY, PHIL  
HEMBRUFF, RAYMOND V. HESSION, ROLAND HORST,  
TONY JOHNSTON, BOB LO, TERENCE J. MCCONNELL,  
GARY M. MUNSINGER, SCOTT NELSON, ANDY A.  
RYBAK, JAY SARKAR, THEODORE M. WELP, AND  
RESEARCH CORPORATION TECHNOLOGIES, INC.**

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

Staff of the Ontario Securities Commission make the following allegations:

1. IDS Intelligent Detection Systems Inc. ("IDS") is incorporated under the laws of Canada. IDS is a reporting issuer in Ontario.
2. Each of Adrian Beale, Dominique Boiter, Michael Busuttill, Peter S. Crombie, Paul Curley, Tom De Faye, Alan Gane, Larry Haley, Phil Hembruff, Raymond V. Hession, Roland Horst, Tony Johnston, Bob Lo, Terence J. McConnell, Gary M. Munsinger, Scott Nelson, Andy A. Rybak, Jay Sarkar, Theodore M. Welp, and Research Corporation Technologies, Inc. (individually, a "Respondent" and collectively, the "Respondents") is, or was during the six-month period ended June 30, 2000, a director, officer, significant shareholder (beneficial ownership of 10% or more of the voting rights of IDS) or individual that has, or may have, access to material undisclosed information.
3. IDS failed to file interim financial statements for the six-month period ended June 30, 2000 on or before August 29, 2000, contrary to subsection 78(1) of the Securities Act (Ontario).
4. By virtue of his/her/its relationship, each Respondent has, or may have, access to information regarding the affairs of IDS that has not been generally disclosed.
5. It would be prejudicial to the public interest to allow the Respondents to trade in the securities of IDS until such time as all disclosure required by Ontario securities law has been made by IDS.
6. It is therefore in the public interest for the Commission to order that all trading, whether direct or indirect, in the securities of IDS by the Respondents cease until such time as IDS has made all filings it is required to make under Ontario securities law.

**1.2.3 Mariusz S. Rybak, Francois Hubert and  
Adrian Van Vroenhoven - s. 127**

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

**AND**

**IN THE MATTER OF  
MARIUSZ S. RYBAK, FRANCOIS HUBERT,  
ADRIAN VAN VROENHOVEN**

**NOTICE OF HEARING  
(Section 127)**

**TAKE NOTICE** that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at 20 Queen Street West, 17<sup>th</sup> Floor Large Hearing Room, Toronto, Ontario commencing on the 25th day of September, 2000 at 10:00 a.m..

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

- (i) that trading, whether direct or indirect, in securities of IDS Intelligent Detection Systems Inc. by any of the respondents cease permanently or for such period as the Commission may determine; and/or
- (ii) such other order as the Commission may deem appropriate;

**BY REASON OF** the allegations set out in the Statement of Allegations of Staff of the Commission and such additional allegations as 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 15<sup>th</sup>, 2000.

"John Stevenson"

**1.2.4 Mariusz S. Rybak, Francois Hubert and  
Adrian Van Vroenhoven - Statement of  
Allegations**

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

**AND**

**IN THE MATTER OF  
MARIUSZ S. RYBAK, FRANCOIS HUBERT, ADRIAN VAN  
VROENHOVEN**

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

Staff of the Ontario Securities Commission make the following allegations:

1. IDS Intelligent Detection Systems Inc. ("IDS") is incorporated under the laws of Canada. IDS is a reporting issuer in Ontario.
2. Each of Mariusz S. Rybak, Francois Hubert, Adrian Van Vroenhoven (individually, a "Respondent" and collectively, the "Respondents") is, or was during the six-month period ended June 30, 2000, a director, officer, significant shareholder (beneficial ownership of 10% or more of the voting rights of IDS) or individual that has, or may have, access to material undisclosed information.
3. IDS failed to file interim financial statements for the six-month period ended June 30, 2000 on or before August 29, 2000, contrary to subsection 77(1) of the Securities Act (Ontario).
4. By virtue of his/her/its relationship, each Respondent has, or may have, access to information regarding the affairs of IDS that has not been generally disclosed.
5. It would be prejudicial to the public interest to allow the Respondents to trade in the securities of IDS until such time as all disclosure required by Ontario securities law has been made by IDS.
6. It is therefore in the public interest for the Commission to order that all trading, whether direct or indirect, in the securities of IDS by the Respondents cease until such time as IDS has made all filings it is required to make under Ontario securities law.

### 1.3 News Release

#### 1.3.1 IDS Intelligent Detection Systems Inc. - OSC Issues Cease-Trading Order for Insiders

September 25, 2000

##### OSC ISSUES CEASE-TRADING ORDER FOR INSIDERS OF IDS INTELLIGENT DETECTION SYSTEMS INC.

**Toronto** - At a hearing on September 25, 2000 the Commission ordered that certain members of management and insiders of IDS Intelligent Detection Systems Inc. ("IDS") continue to be prohibited from trading in securities of IDS. The persons or companies subject to the September 12, 2000 order are: Adrian Beale, Dominique Boiter, Michael Busuttil, Peter S. Crombie, Paul Curley, Tom De Faye, Alan Gane, Larry Haley, Phil Hembruff, Raymond V. Hession, Roland Horst, Tony Johnston, Bob Lo, Terence J. McConnell, Gary M. Munsinger, Scott Nelson, Andy A. Rybak, Jay Sarkar, Theodore M. Welp and Research Corporation Technologies, Inc. The persons subject to the September 15, 2000 order are Mariusz S. Rybak, Francois Hubert and Adrian Van Vroenhoven.

The Commission's orders result from the failure of IDS to file its interim financial statements for the six-month period ended June 30, 2000 by August 29, 2000 as required by Ontario securities law. Historically, it was the Commission's practice to issue an order prohibiting all trading in securities of a defaulting issuer. Now, in accordance with a recently developed policy, such cease trading orders are limited in some cases to certain members of management and insiders of the issuer, where those individuals have or may have access to undisclosed information regarding the affairs of the issuer. Other members of the public are permitted to continue trading in securities of the issuer where the issuer ensures that adequate alternative information is publicly disclosed.

The Commission has determined that in a case such as this, the orders issued are a prophylactic remedy that is necessary in view of the fact that the marketplace does not have the necessary information. The question of whether or not the individual respondents in any particular case are at fault depends upon the facts of that case. In making the orders regarding securities of IDS, the commission does not necessarily ascribe fault to the respondents.

#### Reference:

Frank Switzer  
Director, Communications  
(416) 593-8120

## Chapter 2

# Decisions, Orders and Rulings

### 2.1 Decisions

#### 2.1.1 Adrian Beale et al. - s. 127

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

AND

IN THE MATTER OF  
ADRIAN BEALE, DOMINIQUE BOITER, MICHAEL  
BUSUTTIL, PETER S. CROMBIE, PAUL CURLEY, TOM  
DE FAYE, ALAN GANE, LARRY HALEY, PHIL  
HEMBRUFF, RAYMOND V. HESSION, ROLAND HORST,  
TONY JOHNSTON, BOB LO, TERENCE J. McCONNELL,  
GARY M. MUNSINGER, SCOTT NELSON, ANDY A.  
RYBAK, JAY SARKAR, THEODORE M. WELP AND  
RESEARCH CORPORATION TECHNOLOGIES, INC.

ORDER  
(Section 127)

WHEREAS on September 12, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act, that none of the Respondents shall trade in any securities of IDS Intelligent Detection Systems Inc. ("IDS"), subject to the terms set out in the order, for a period of 15 days from the date of the order;

AND WHEREAS on September 12, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

AND WHEREAS it appears to the Commission that:

1. IDS is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Adrian Beale, Dominique Boiter, Michael Busuttill, Peter S. Crombie, Paul Curley, Tom De Faye, Alan Gane, Larry Haley, Phil Hembruff, Raymond V. Hession, Roland Horst, Tony Johnston, Bob Lo, Terence J. McConnell, Gary M. Munsinger, Scott Nelson, Andy A. Rybak, Jay Sarkar, Theodore M. Welp, and Research Corporation Technologies, Inc. (the "Respondents") is, or was during the interim financial period of IDS ended June 30, 2000, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of IDS), or an individual that has, or may have, access to material undisclosed information of IDS.

3. IDS failed to file interim financial statements for the six-period ended June 30, 2000 (the "Interim Statements") on or before August 29, 2000, contrary to subsection 78(1) of the Act.

4. As of the date of this order, IDS has not filed its Interim Statements.

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

IT IS ORDERED pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of IDS shall cease until:

- (a) two full business days following the receipt by the Commission of all filings IDS is required to make pursuant to Ontario securities law; or
- (b) further order of the Commission.

September 25<sup>th</sup>, 2000.

"J. A. Geller"

"Morley P. Carscallen"

**2.1.2 Mariusz S. Rybak, Francois Hubert and  
Adrian Van Vroenhoven - s. 127**

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

AND

IN THE MATTER OF  
MARIUSZ S. RYBAK, FRANCOIS HUBERT AND ADRIAN  
VAN VROENHOVEN

ORDER  
(Section 127)

WHEREAS on September 15, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act, that none of the Respondents shall trade in any securities of IDS Intelligent Detection Systems Inc. ("IDS"), subject to the terms set out in the order, for a period of 15 days from the date of the order;

AND WHEREAS on September 18, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

AND WHEREAS it appears to the Commission that:

1. IDS is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Mariusz S. Rybak, Francois Hubert and Adrian Van Vroenhoven (the "Respondents") was during the interim financial period of IDS ended June 30, 2000, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of IDS), or an individual that had access to material undisclosed information of IDS.
3. IDS failed to file interim financial statements for the six-period ended June 30, 2000 (the "Interim Statements") on or before August 29, 2000, contrary to subsection 78(1) of the Act.
4. As of the date of this order, IDS has not filed its Interim Statements.

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

IT IS ORDERED pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of IDS shall cease until:

- (a) two full business days following the receipt by the Commission of all filings IDS is required to make pursuant to Ontario securities law; or
- (b) further order of the Commission.

September 25<sup>th</sup>, 2000.

"J. A. Geller"

"Morley P. Carscallen"

**2.1.3 BCE Emergis Inc. - MRRS Decision**

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

AND

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

AND

IN THE MATTER OF  
BCE EMERGIS INC.

DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland & Labrador (the "Jurisdictions") has received an application from BCE Emergis Inc. (the "Corporation") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the insider reporting requirements contained in the Legislation (the "Requirements") shall not apply to acquisitions of share units under the Share Unit Plan for Non-Employee Directors (1999) (the "Plan"); subject to conditions;

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

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

1. The Corporation is a corporation governed by the *Canada Business Corporations Act*.
2. The head office of the Corporation is located in Montréal, Québec.
3. The authorized share capital of the Corporation consists of an unlimited number of shares without par value, common shares, voting and participating and preferred shares, issuable in series, non-voting, terms and conditions determinable at issuance. As of December 31, 1999, 86,773,705 common Shares were issued and outstanding (the "Common Shares").
4. The Common Shares of the Corporation are listed and posted for trading on the Toronto Stock Exchange.
5. The Corporation is a reporting issuer or the equivalent in each of the Jurisdictions. As of March 6, 2000, the Corporation was a reporting issuer in good standing under the Legislation.

6. Effective October 1, 1999, the Corporation adopted the Plan, which is intended to enhance the Corporation's ability to attract and retain high quality individuals to serve as members of the Board of Directors of the Corporation and to promote a greater alignment of interest between non-employee members of the Board of Directors of the Corporation and the shareholders of the Corporation.
7. A director of the Corporation, appointed after May 18, 1999, who is a non-employee of the Corporation or any subsidiary of the Corporation (an "Eligible Director"), is eligible to participate in the Plan.
8. Under the Plan, an Eligible Director shall be paid his or her annual retainer fees in the form of share units (the "Units") in lieu of being paid in cash.
9. Units are credited, on a quarterly basis, to the accounts maintained by the Corporation on behalf of each Eligible Director.
10. The number of Units credited to an Eligible Director is equal to the quotient determined by dividing: (a) the amount, expressed in dollars, of the Eligible Director's quarterly retainer fee, i.e. 25% of the annual retainer fee and 100% of the attendance fees, which would, but for the Plan, have been paid in cash with respect to such quarter, by (b) the market value of a Common Share on the reference date for such quarter.
11. Pursuant to the terms of the Plan, on a specified date (the "Entitlement Date"), the Participant (an Eligible Director who has been credited Units under the Plan) shall receive, at the sole discretion of the Corporation, in satisfaction of the number of Units recorded in the Participant's account on the Entitlement Date, either
  - (i) a cash payment based on the market value of a Common Share on the Entitlement Date and net applicable withholdings; or
  - (ii) Common Shares purchased on the open market by a broker independent from the Corporation designated by a Participant and who is a member of the Toronto Stock Exchange.
12. Under the Plan, the Entitlement Date is the fourth trading day following the release of the Corporation's quarterly or annual results immediately following the termination by a Participant of its service on the board of directors (the "Termination") of the Corporation provided that if the Termination shall occur the same date as the release of the Corporation's results, the Entitlement Date shall, in such a case, be the fifth trading day immediately following such release of the Corporation's results.
13. The Plan involves, on an annual basis, at least four reportable events, i.e. the issuance of Units in connection with four fee payments (one per quarter to Eligible Directors).
14. Unless the order sought is granted, and failing any other exemptive relief, each Eligible Director who

received Units under the Plan would be subject to the Requirements each time he or she receives Units under the Plan.

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

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

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the Requirements shall not apply to acquisitions by an Eligible Director of Units under the Plan provided that:

- A. Each Eligible Director shall file, in the form prescribed for the Requirements, a report disclosing all acquisitions of Units under the Plan that have not been previously reported by or on behalf of the Eligible Director:
  - (i) if any Units acquired under the Plan during a financial year of the Corporation are disposed of or transferred (other than dispositions or transfers that do not affect an Eligible Director's beneficial ownership of such Units), within the time required by the Legislation for reporting the disposition or transfer; and
  - (ii) if any Units acquired under the Plan during a financial year of the Corporation have not been previously reported under paragraph (i) above, within 90 days of the end of the financial year of the Corporation.
- B. Such exemption is not available to an Eligible Director who beneficially owns, directly or indirectly, voting securities of the Corporation, or exercises control or direction over voting securities of the Corporation, or a combination of both, that carry more than 10% of the voting rights attaching to all the Corporation's outstanding voting securities.

**DATED** at Montréal, Québec this August 11, 2000

Le directeur général et chef de l'exploitation,  
(s) *Jacques Labelle*

AFFAIRE INTÉRESSANT  
LA LÉGISLATION EN VALEURS MOBILIÈRES  
DE LA COLOMBIE-BRITANNIQUE, DE L'ALBERTA, DE  
LA SASKATCHEWAN,  
DU MANITOBA, DE L'ONTARIO, DU QUÉBEC, DE LA  
NOUVELLE-ÉCOSSE  
DE TERRE-NEUVE ET DU LABRADOR

ET

LE RÉGIME D'EXAMEN CONCERTÉ DES DEMANDES  
DE DISPENSE

ET

BCE EMERGIS INC.

DOCUMENT DE DÉCISION

CONSIDÉRANT QUE l'autorité locale en valeurs mobilières ou l'agent responsable (le « décideur ») respectif de la Colombie-Britannique, de l'Alberta, de la Saskatchewan, du Manitoba, de l'Ontario, du Québec, de la Nouvelle-Écosse et de Terre-Neuve et du Labrador (les « territoires ») a reçu de BCE Emergis Inc. (la « société ») une demande de décision en vertu de la législation en valeurs mobilières des territoires (la « législation »), selon laquelle les exigences de dépôt de déclarations d'initiés prévues dans la législation (les « exigences ») ne s'appliquent pas à l'acquisition d'unités d'actions en vertu du *Share Unit Plan for Non-Employee Directors (1999)* (le « régime »), sous réserve de certaines conditions;

CONSIDÉRANT QUE, selon le régime d'examen concerté des demandes de dispenses (le « REC ») la Commission des valeurs mobilières du Québec est l'autorité principale pour la présente demande;

CONSIDÉRANT QUE le déposant a déclaré aux décideurs ce qui suit :

1. La société est constituée sous le régime de la *Loi canadienne sur les sociétés par actions*.
2. Le siège social de la société est situé à Montréal, au Québec.
3. Le capital-actions de la société est composé d'un nombre illimité d'actions sans valeur nominale, d'actions ordinaires, avec droit de vote et participantes et d'actions privilégiées, pouvant être émises en série, sans droit de vote, dont les modalités et conditions sont déterminables à l'émission. Au 31 décembre 1999, il y avait 86 773 705 actions ordinaires émises et en circulation (les « actions ordinaires »).
4. Les actions ordinaires de la société sont inscrites et négociées à la Bourse de Toronto.
5. La société est un émetteur assujéti ou l'équivalent dans chacun des territoires. Au 6 mars 2000, elle était un émetteur assujéti en règle en vertu de la législation.

6. Le 1<sup>er</sup> octobre 1999, la société a adopté le régime, lequel a pour objectif d'accroître la capacité de la société d'attirer et de retenir des personnes qualifiées à titre de membres de son conseil d'administration, et de promouvoir la convergence des intérêts des membres du conseil d'administration qui ne sont pas des employés de la société et des actionnaires de celle-ci.
7. Tout administrateur de la société nommé après le 18 mai 1999 qui n'est pas un employé de la société ni d'une filiale de celle-ci (un « administrateur admissible ») est admissible au régime.
8. Aux termes du régime, les honoraires annuels d'un administrateur admissible sont payés sous forme d'unités d'actions (les « unités ») au lieu d'un paiement comptant.
9. Les unités sont portées trimestriellement au crédit de comptes tenus par la société au nom de chacun des administrateurs admissibles.
10. Le nombre d'unités portées au crédit du compte de chaque administrateur admissible est égal au quotient obtenu en divisant a) le montant en dollars de ses honoraires trimestriels (c'est-à-dire 25 % de ses honoraires annuels et 100 % de ses jetons de présence) qui aurait été payé au comptant pour ce trimestre, n'eût été le régime, par b) la valeur marchande d'une action ordinaire à la date de référence pour ce trimestre.
11. Aux termes du régime, un participant (un administrateur admissible dont le compte a été crédité d'unités aux termes du régime) reçoit, à l'entière discrétion de la société, à une date déterminée (la « date d'admissibilité »), en règlement du nombre d'unités enregistrées à son compte :
  - i) soit un paiement au comptant calculé en fonction de la valeur marchande des actions ordinaires à la date d'admissibilité, et des retenues nettes applicables;
  - ii) soit des actions ordinaires souscrites sur le marché par un courtier désigné par le participant, indépendant de la société et membre de la Bourse de Toronto.
12. Aux termes du régime, la date d'admissibilité est le quatrième jour de bourse après la publication des résultats trimestriels ou annuels de la société suivant la date à laquelle le participant cesse d'exercer ses fonctions de membre du conseil d'administration (la « démission »). Toutefois, si la démission survient à la date de la publication des résultats de la société, la date d'admissibilité est le cinquième jour de bourse suivant la publication.
13. Aux termes du régime, au moins quatre (4) événements doivent être déclarés chaque année, c'est-à-dire l'émission d'unités en règlement des honoraires des administrateurs admissibles, une fois par trimestre.

14. Si la décision demandée n'est pas rendue, et en l'absence de toute autre dispense, chaque administrateur admissible ayant reçu des unités aux termes du régime pourrait être tenu de se conformer aux exigences chaque fois qu'il reçoit des unités;

**CONSIDÉRANT QUE**, selon le REC, le présent document de décision du REC confirme la décision de chaque décideur (collectivement, la « **décision** »);

**ET CONSIDÉRANT QUE** chacun des décideurs est d'avis que les critères prévus dans la législation qui lui accordent le pouvoir discrétionnaire ont été respectés;

**LA DÉCISION** des décideurs en vertu de la législation est que les exigences ne s'appliquent pas à l'acquisition d'unités en vertu du régime.

Toutefois, les conditions suivantes doivent être remplies :

- A. Chaque administrateur admissible est tenu de déposer un rapport, en la forme prescrite par les exigences, divulguant toute acquisition d'unités aux termes du régime qu'il n'a pas déclarée ni fait déclarer auparavant :
- i) si des unités acquises aux termes du régime au cours de l'exercice de la société ont été aliénées ou transférées (sauf si l'aliénation ou le transfert n'a eu aucun effet sur la propriété véritable des unités de l'administrateur admissible) dans le délai accordé par la législation pour déclarer l'aliénation ou le transfert des unités;
1. si des unités acquises aux termes du régime au cours de l'exercice de la société n'ont pas encore été déclarées, conformément à l'alinéa i) ci-dessus, un rapport devra être déposé au plus tard dans les 90 jours suivant la fin de l'exercice de la société.
- B. Ne peut se prévaloir de la présente dispense l'administrateur admissible qui détient en propriété véritable, directe ou indirecte, des actions avec droit de vote de la société, ou qui exerce une emprise ou un contrôle sur de telles actions, ou les deux, comportant plus de dix pour cent des droits de vote afférents à l'ensemble des actions avec droit de vote en circulation de la société.

**FAIT** à Montréal (Québec) le 11 août 2000

Le directeur général et chef de l'exploitation,  
(s) Jacques Labelle

## 2.1.4 Celestica Inc. - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief for officers and directors of certain subsidiaries of reporting issuer from the insider reporting requirements, subject to certain conditions - relief for officers and directors of reporting issuer and of any subsidiary of reporting issuer from the insider reporting requirements with respect to the acquisition of securities under an automatic share purchase plan, subject to certain conditions, including annual reporting.

### Applicable Ontario Statutory Provisions

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

### Applicable Ontario Regulations

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

### Applicable Ontario Policy Statements

Ontario Securities Commission Policy Statement No. 10.1.

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

**AND**

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

**AND**

**IN THE MATTER OF  
CELESTICA INC.**

### **MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker" or, collectively, the "Decision Makers") in each of British Columbia, Alberta, Manitoba, Ontario, Quebec, Newfoundland, Nova Scotia and Saskatchewan (the "Jurisdictions") has received an application from Celestica Inc. (the "Company") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement in the Legislation to file insider reports shall not apply to: (i) directors and senior officers of certain subsidiaries of the Company; and (ii) directors and senior officers of the Company or any of its subsidiaries with respect to their acquisition of subordinate voting shares of the Company pursuant to the Company's Employee Share Ownership Plan (the "Plan");

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



**AND WHEREAS** the Company has represented to the Decision Makers that:

1. The Company is a corporation incorporated under the *Business Corporations Act* (Ontario). The head office of the Company is located in Toronto, Ontario. The Company is a leading provider of electronics manufacturing services ("EMS") to original equipment manufacturers worldwide.
2. The authorized capital of the Company consists of an unlimited number of subordinate voting shares and an unlimited number of multiple voting shares, of which 163,826,962 subordinate voting shares and 39,065,950 multiple voting shares were outstanding as at July 6, 2000.
3. The subordinate voting shares of the Company are listed and posted for trading on The Toronto Stock Exchange and the New York Stock Exchange.
4. The Company is a reporting issuer (or equivalent) in each of the Provinces and Territories of Canada. The Company is not on the list of defaulting reporting issuers maintained pursuant to the Legislation.
5. The list of companies in the attached appendix ("Appendix A") includes all subsidiaries ("Major Subsidiaries") of the Company that have, as reflected in the most recent annual audited financial statements of the Company filed with the Decision Makers in the Jurisdictions, either: (i) assets, on a consolidated basis with its subsidiaries, which represent 10 percent or more of the consolidated assets of the Company shown on the balance sheet, or (ii) revenues, on a consolidated basis with its subsidiaries, which represent 10 percent or more of the consolidated revenues of the Company shown on the statement of income and loss.
6. All of the directors and senior officers of the Major Subsidiaries receive, in the ordinary course, knowledge of material facts or material changes with respect to the Company prior to general disclosure of such material facts or material changes.
7. With the exception of the directors and senior officers referred to in paragraph 6, none of the directors and senior officers of any of the subsidiaries of the Company either: (i) participate in the day to day management or operation of the Company, or (ii) receive or have access to, in the ordinary course, information respecting material facts or material changes with respect to the Company prior to general disclosure of such material facts or material changes.
8. The Company undertakes: (i) to maintain a list of directors and senior officers exempted by this Decision (as hereafter defined) and the basis upon which each of the directors and senior officers comes within the terms of the Decision; (ii) to maintain a continuing review of the facts contained in the representations upon which this Decision is made; and (iii) upon the request of any of the Decision Makers or their staff, to provide any information necessary to determine whether a director or senior officer of any subsidiary of the Company is or is not exempted by this Decision.
9. The Company undertakes to promptly advise the Commission des valeurs mobilières du Québec (the "Québec Commission") of the name of every director and senior officer who becomes, or ceases to be, exempted by this Decision, and to provide an updated list of directors and senior officers to the Québec Commission annually.
10. The Plan was adopted effective as of July 1, 1998 to enable the Company's directors and employees to acquire subordinate voting shares of the Company in a convenient systematic manner in order to encourage continued employee participation in the Company's operation, growth and development.
11. The Plan is an automatic securities purchase plan designated by the Company to facilitate the acquisition by directors and employees of the Company, and by employees of subsidiaries of the Company and certain designated affiliates, of previously issued subordinate voting shares whereby the number of the subordinate voting shares acquired by each director and employee participating under the Plan (each, a "Plan Participant"), the timing of acquisitions of the subordinate voting shares and the price paid for such subordinate voting shares are established by a procedure set out in the Plan, and acquisitions of the subordinate voting shares pursuant to the Plan are made by a trustee on the open market without any direction from a Plan Participant.
12. The Plan permits all Plan Participants, including senior officers and the directors of the Company, to contribute a whole percentage of their regular pay, up to a maximum of 10%, to the Plan. The Company provides a partial matching contribution equal to 25% of the participant's contribution, up to a maximum of 1% of regular pay.
13. The Plan also permits Plan Participants who are directors to designate all or a portion of any of their cash retainer fees, meeting fees, and committee or other similar fees as a participant contribution under the Plan (the "Lump Sum Option").
14. The Company has appointed Royal Trust Company (the "Administrator") as the administrator under the Plan. The Administrator receives contributions, purchases subordinate voting shares of the Company on the open market after the end of each payroll period and holds such shares as agent for and on behalf of Plan Participants.
15. The time to process a change on behalf of a Plan Participant, which includes commencing, varying or ceasing participation in the Plan, is at least seven days from the date a change is requested by the Plan Participant.
16. The number of subordinate voting shares that may be acquired under the Plan is and will be *de minimis* in relation to the number of subordinate voting shares that are issued and outstanding at the time of acquisition under the Plan.

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

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

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

A. any person who is subject to the insider reporting requirements of the Legislation due to the fact that he or she is a director or senior officer of a subsidiary of the Company, other than a Major Subsidiary listed in Appendix A, is exempt from the insider reporting requirements with respect to his or her ownership of or control or direction over securities of the Company, provided that the exemption contained in this Decision Document shall not apply to a person who:

- (a) in the ordinary course receives notice of or information as to material facts or material changes with respect to the Company prior to general disclosure to the public of such facts or changes;
- (b) becomes a director or senior officer of the Company or a Major Subsidiary as listed in Appendix A, or any company which, after the date hereof, becomes a Major Subsidiary;
- (c) is also an insider of the Company in a capacity other than as a director or senior officer of a subsidiary of the Company; or
- (d) is denied the exemptions contained in this Decision Document by another decision of the Decision Makers or any one of them; and

B. the requirement contained in the Legislation to file insider reports in connection with the acquisition of subordinate voting shares of the Company pursuant to the Plan shall not apply to any person who is subject to the insider reporting requirements due to the fact that he or she is a director or senior officer of the Company or of any subsidiary of the Company, including a Major Subsidiary, provided that, in each case:

- (a) each director or senior officer who participates in the Plan (a "Participating Insider") files with the Decision Maker in each Jurisdiction, by the last day of March of each year, a report (a "Yearly Report") in the form required to be filed by the Legislation disclosing any change or changes in his or her direct or indirect beneficial ownership of or control or direction over subordinate voting shares of the Company resulting from his or her participation in the Plan during the 12-month period ending the preceding December 31 (the "Reporting Period") which were not previously reported in the holdings of the Participating Insider;
- (b) if in any month during a Reporting Period there are one or more changes (other than an acquisition of beneficial ownership that arises solely as a result of the automatic operation of the Plan), including but not limited to the acquisition of subordinate voting shares of the

Company pursuant to the Lump Sum Option, in the Participating Insider's direct or indirect beneficial ownership of or control or direction over subordinate voting shares of the Company, the Participating Insider shall file a report in accordance with the insider reporting requirements of the Legislation disclosing the acquisition, disposition or transfer of subordinate voting shares of the Company;

- (c) if a Plan Participant becomes subject to the insider reporting requirements due to the fact that he or she becomes a director or senior officer of the Company or of any subsidiary of the Company, including a Major Subsidiary, during a Reporting Period, then for the purposes of the first Yearly Report contemplated by paragraph (a) above, the "Reporting Period" for that Plan Participant shall be calculated as the period of time commencing on the date the Plan Participant became a Participating Insider of the Company through to December 31 of that year;
- (d) if, at any time during a Reporting Period other than at the commencement of such period, a Participating Insider determines to adopt the use of a Yearly Report to report changes in direct or indirect beneficial ownership of or control or direction over subordinate voting shares of the Company pursuant to the Plan, then for the purposes of the first Yearly Report contemplated by paragraph (a) above, the "Reporting Period" for that Participating Insider shall be calculated as the period of time commencing on the date on which such determination is made through to December 31 of that year;
- (e) in all Jurisdictions except Quebec, the Participating Insider does not beneficially own, directly or indirectly, or exercise control or direction over voting securities of the Company, or a combination of both, that carry more than 10 percent of the voting rights attaching to all outstanding securities of the Company; and
- (f) in Quebec, the Participating Insider does not exercise control over more than 10 percent of a class of shares of the Company to which are attached voting rights or an unlimited right to a share of the profits of the Company and in its assets in case of winding-up.

September 8<sup>th</sup>, 2000.

"Margo Paul"

Appendix A

The Major Subsidiaries of CELESTICA INC., as at August 8, 2000 are:

- (a) Celestica Asia Inc;
- (b) Celestica Corporation;
- (c) Celestica International Inc.; and
- (d) Celestica Limited.

**2.1.5 Hartford Investments Canada Corp. - MRRS Decision**

**Headnote**

Exemption granted under section 8.2 of National Instrument 81-105 Mutual Fund Sales Practices allowing mutual funds to prepare the required equity interest disclosure in their prospectus or simplified prospectus based on certain assumptions.

**Rules Cited**

National Instrument 81-105 Mutual Fund Sales Practices.

**IN THE MATTER OF NATIONAL INSTRUMENT 81-105  
MUTUAL FUND SALES PRACTICES**

**AND**

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

**AND**

**IN THE MATTER OF  
HARTFORD INVESTMENTS CANADA 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, Manitoba and Ontario (the "Jurisdictions") has received an application from Hartford Investments Canada Corp. ("HICC"), on behalf of The Hartford Canada Funds, for a decision pursuant to section 9.1 of National Instrument 81-105 Mutual Fund Sales Practices (the "National Instrument") to permit equity interests in The Hartford Financial Services Group, Inc. ("HFSG") to be calculated and disclosed for the purposes of the National Instrument as if HFSG is a reporting issuer, the securities of which are listed on a Canadian stock exchange;

**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** HICC has represented to the Decision Makers that:

1. HICC is the manager, trustee and principal adviser of The Hartford Canada Funds (which consist of The Hartford Canadian Stock Fund, The Hartford Advisors Fund, The Hartford Bond Fund, The Hartford Money Market Fund, The Hartford U.S. Capital Appreciation Fund, The Hartford Global Leaders Fund and The Hartford U.S. Stock Fund) (the "Hartford Funds"), the units of which are qualified for distribution in the Jurisdictions pursuant to a simplified prospectus and annual information form dated April 24, 2000 for which receipts were issued by the applicable Decision Makers

on April 26, 2000 and the sale of units of the Hartford Funds is subject to the requirements of the National Instrument.

2. HICC is an indirect, wholly-owned subsidiary of HFSG such that HFSG is considered to be a member of the organization of the Hartford Funds for purposes of the National Instrument.
3. Section 8.2 of the National Instrument requires, among other things, that a mutual fund disclose in its prospectus or simplified prospectus the amount of any "equity interest" that either a member of the organization of the mutual fund has in a participating dealer, or the "equity interest" that a participating dealer, its associates, any representatives of the participating dealer or any associates of the representative has in any member of the organization of the mutual fund.
4. The term "equity interest" is a defined term in the National Instrument and has a different meaning depending on whether the relevant member of the organization of a mutual fund is a reporting issuer whose securities are listed on a Canadian stock exchange or not.
5. For a member of the organization of a mutual fund that is a reporting issuer in any jurisdiction and whose securities are listed on a Canadian stock exchange, the threshold for disclosure of an equity interest by a participating dealer or a representative of a participating dealer or their respective associates is more than ten percent (10%) of any class of securities of that member whereas for all other issuers, *any* equity interest by a participating dealer or a representative of a participating dealer or their respective associates of any class of securities of that member must be disclosed.
6. While HFSG is not a reporting issuer in any jurisdiction, and none of its securities are listed on a Canadian stock exchange, HFSG is a corporation incorporated under the laws of the State of Connecticut in the United States of America (the "U.S.") and is subject to the requirements of the *Securities Exchange Act of 1934* of the U.S. (the "1934 Act") and is not exempt from the requirements of the 1934 Act pursuant to Rule 129, 3-2 made under the 1934 Act.
7. The common shares of HFSG are listed on The New York Stock Exchange.
8. The common shares of HFSG are widely held with no single shareholder owning 10% or more of its issued shares. HFSG currently has approximately 215,000,000 common shares issued and outstanding with a current market capitalization of approximately U.S. \$12 billion.
9. HFSG is a substantial financial services corporation with many subsidiaries including, indirectly, HICC. The operations of HICC do not currently and will not in the foreseeable future have any material impact or effect on HFSG or the value of its 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 National Instrument that provides the Decision Makers with the jurisdiction to make the Decision has been met;

**THE DECISION** of the Decision Makers pursuant to the National Instrument is that, for the purposes of the National Instrument, equity interests in HFSG may be calculated and disclosed as if HFSG is a reporting issuer, the securities of which are listed on a Canadian stock exchange.

September 12th, 2000.

"J. A. Geller"

"Stephen N. Adams"

**2.1.6 Merrill Lynch Mortgage Loans Inc. and  
Merrill Lynch Canada Inc. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Section 233 of the Regulation - asset backed securities offering - issuer is connected and related issuer of sole underwriter - no independent underwriter involvement subject to certain conditions, including participation of an arm's length party in the negotiations of the material terms of the offering, the drafting of the prospectus, the due diligence relating to the offering, the pricing of the securities and the disclosure of such information and the relationship between the issuer and the underwriter in the prospectus.

**Statutes Cited**

Securities Act, R.S.O. 1990, c. S.5, as am. (the "Act").

**Regulations Cited**

Regulation made under the Act, R.R.O. 1990, Reg. 1015, as am., ss. 219(1), 224(1)(b) and 233.

**Rules Cited**

In the Matter of the Limitation on a Registrant Underwriting Securities of a Related Issuer or Connected Issuer of the Registrant (1997), 20 OSCB 1217.

**IN THE MATTER OF  
THE CANADIAN SECURITIES LEGISLATION  
OF ONTARIO, BRITISH COLUMBIA,  
ALBERTA, QUEBEC AND NEWFOUNDLAND**

**AND**

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

**AND**

**IN THE MATTER OF  
MERRILL LYNCH MORTGAGE LOANS INC.  
AND MERRILL LYNCH CANADA INC.**

**MRRS DECISION DOCUMENT**

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Quebec and Newfoundland (the "Jurisdictions") has received an application from Merrill Lynch Mortgage Loans Inc. (the "Issuer") and Merrill Lynch Canada Inc. ("ML Canada", and together with the Issuer, the "Filers") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the provision contained in the Legislation mandating independent underwriter involvement in a distribution of securities of an issuer (the "Independent Underwriter Requirement") shall not apply to ML Canada in respect of the proposed offering (the "Offering") of Bell Mobility Corporate Centre Pass-Through Certificates

Series 2000-BMCC (the "Certificates") by means of a short form prospectus (the "Prospectus") to be filed in each of the Provinces and Territories of Canada;

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

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

1. the Issuer was incorporated under the laws of Canada on March 13, 1995; the authorized share capital of the Issuer consists of an unlimited number of common shares, of which 1,000 common shares are issued and outstanding, all of which are held by Merrill Lynch & Co., Canada Ltd. ("ML & Co."); the head office of the Issuer is located in Toronto, Ontario;
2. the Issuer is a reporting issuer in each of the Provinces of Canada and is not in default of any of the requirements of the Legislation;
3. the Issuer was formed solely to act as a vehicle for issuing asset backed securities; to date, the Issuer has facilitated the issuance of 6,000,000 S&P 500 BULLS, approximately \$163,874,000 Commercial Mortgage Pass-Through Certificates, Series 1998 - Canada 1, \$214,079,251, Commercial Mortgage Pass-Through Certificates, Series 1999 - Canada 2, \$220,000,000 1<sup>st</sup> Street Tower Pass-Through Certificates Series 1999 - 1STT and approximately \$227,324,000 Commercial Mortgage Pass-Through Certificates, Series 2000 - Canada 3 (collectively, the "Asset-Backed Securities Transactions");
4. as a special purpose corporation, the Issuer currently has no assets or liabilities other than its rights and obligations under certain material contracts executed in connection with the Asset-Backed Securities Transactions and does not carry on any activities except to act as an issuer corporation from time to time;
5. the proceeds of the Offering will finance the purchase by the Issuer of a first mortgage bond (the "First Mortgage Bond") from a special purpose trust to be named Bell Mobility Corporate Centre Trust (or such other name as may be designated) (the "Seller"); each Certificate will represent an undivided co-ownership interest in the First Mortgage Bond; the First Mortgage Bond will be deposited with the Montreal Trust Company as custodian;
6. pursuant to the terms of an agreement to be entered into between the Seller, H&R Realty Corporation ("HRR") and H&R Mississauga Complex Limited Partnership ("H&R Mississauga"), the Seller will agree to loan the proceeds of the sale of the First Mortgage Bond to HRR, as nominee on behalf of H & R Mississauga, which will use such loan to finance the development of an office building and associated facility located in Mississauga, Ontario (the "Project"); Bell Mobility Cellular Inc. has agreed to enter into a lease of the Project for an initial term of at least 18 years;

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7. HRRC is an Ontario corporation, all of the shares of which are owned by H&R Mississauga, an Ontario limited partnership; HRRC is an independent arm's length party of ML Canada;
  8. ML Canada was continued and amalgamated under the laws of Canada on August 26, 1998; the authorized share capital of ML Canada consists of an unlimited number of common shares; all of the issued and outstanding common shares of ML Canada are owned by ML & Co.; the head office of ML Canada is located in Toronto, Ontario;
  9. ML Canada is not a reporting issuer in any Canadian province;
  10. ML Canada is registered as a dealer in the categories of "broker" and "investment dealer" and is a member of the Investment Dealers Association of Canada;
  11. ML Canada took the initiative in organizing the business of the Issuer and as such may be considered to be a "promoter" of the Issuer within the meaning of the Legislation;
  12. ML Canada administers the ongoing operations and pays the ongoing operating expenses of the Issuer, but receives no additional compensation for these services, and the officers and directors of the Issuer are employees of ML Canada;
  13. the Issuer is a related issuer (as defined in the Legislation) of ML Canada;
  14. the Issuer will agree to issue and ML Canada will agree to purchase 100% of the Certificates to be distributed under the Offering;
  15. the Prospectus, and preliminary short form prospectus (the "Preliminary Prospectus") to be filed in connection with the Offering, shall contain the following information:
    - (a) on the front page of each such document,
      - (i) a statement in boldface type setting out that the Issuer is a related issuer of ML Canada;
      - (ii) a summary explaining the basis upon which the Issuer is a related issuer of ML Canada; and
      - (iii) a cross-reference to the applicable section in the body of the Preliminary Prospectus and Prospectus, as the case may be, where further information concerning the relationship between the Issuer and ML Canada is provided;
    - (b) in the body of each such document,
      - (i) a statement setting out that the Issuer is a related issuer of ML Canada;
      - (ii) a summary explaining the basis upon which the Issuer is a related issuer of ML Canada, including details of the common ownership by ML & Co. and other aspects of the relationship between ML Canada and the Issuer,
      - (iii) disclosure regarding the involvement of ML Canada in the decision to distribute the Certificates and the determination of the terms of the Offering,
      - (iv) details of the financial benefits described in paragraph 17 below which ML Canada will receive from the Offering, and
      - (v) disclosure detailing the participation of HRRC in the Offering as described in paragraph 16 below;
  16. all material terms of the First Mortgage Bond, the Certificates and the Offering will be negotiated on an arm's length basis between HRRC and ML Canada; HRRC will participate in the drafting of the Preliminary Prospectus, and will participate in the drafting of the Prospectus, the due diligence relating to the Offering and in the pricing of the Offering;
  17. the only financial benefits which ML Canada will receive as a result of the Offering are the normal arm's length underwriting commission, a structuring fee, and reimbursement of its expenses associated with the Offering;
- AND WHEREAS** pursuant to the MRRS this Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
- AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
- THE DECISION** of the Decision Makers pursuant to the Legislation is that the Independent Underwriter Requirement shall not apply to ML Canada in connection with the Offering provided that:
- (a) HRRC participates in the Offering as stated in paragraph 16 above; and
  - (b) HRRC's participation in the Offering and the relationship between the Issuer and ML Canada are disclosed in the Preliminary Prospectus and the Prospectus as stated in paragraph 15 above.

August 11<sup>th</sup>, 2000.

"J. A. Geller"

"R. Stephen Paddon"

**2.1.7 Peninsular and Oriental Steam Navigation Company and P&O Princess Cruises plc - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Subsection 74(1) -- relief from prospectus and registration requirements for spin off of two subsidiaries of a publicly traded company to investors by issuing shares of spun off entities as dividends in kind -- reorganization technically not covered by prescribed reorganization exemption -- technical relief -- no policy issues.

**Applicable Ontario Statutes**

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

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

**AND**

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

**AND**

**IN THE MATTER OF  
THE PENINSULAR AND ORIENTAL  
STEAM NAVIGATION COMPANY**

**AND**

**IN THE MATTER OF  
P&O PRINCESS CRUISES PLC**

**MRRS DECISION DOCUMENT**

**WHEREAS** the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Quebec, New Brunswick and Nova Scotia (the "Jurisdictions") has received an application from The Peninsular and Oriental Steam Navigation Company ("P&OSNCo") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the prospectus and registration requirements contained in the Legislation shall not apply to the Demerger (as defined in paragraph 1(c) below) and to P&OSNCo and P&O Princess Cruises plc ("Cruises plc");

**AND WHEREAS** pursuant to 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** P&OSNCo has represented to the Decision Makers that:

1. P&OSNCo is a company incorporated by Royal Charter with limited liability under the laws of England and Wales.
2. P&OSNCo's business includes cruise operations and ferries and ports logistics;
3. P&OSNCo is proposing to demerge or spin-off from P&OSNCo its entire cruises business (the "Demerger") to a newly incorporated company, P&O Princess Cruises plc ("Cruises plc"). The Demerger forms part of an ongoing restructuring strategy intended to allow (i) P&OSNCo to focus on its core businesses of ferries and ports and logistics and (ii) Cruises plc to focus on the core cruises business;
4. as at August 15, 2000, the total authorized capital of P&OSNCo was £806,531,341 and the issued capital consisted of £679,432,379 of deferred stock, £68,638,327 of concessionary stock and £3,344,000 of preferred stock. P&OSNCo deferred stock (the "P&OSNCo Shares") is listed and posted for trading on the LSE;
5. as at August 9, 2000, there were 86 registered P&OSNCo shareholders with addresses in Canada (the "Canadian Shareholders"), of which 37 are resident in British Columbia, 22 are resident in Ontario, 17 are resident in Alberta, 4 are resident in Quebec, 3 are resident in Nova Scotia, 2 are resident in Saskatchewan, and 1 is resident in New Brunswick. Canadian Shareholders held an aggregate of 47,309 P&OSNCo Shares representing less than 0.00005% of the issued and outstanding P&OSNCo Shares;
6. P&OSNCo is not, and has no current intention of becoming, a reporting issuer in any province of Canada;
7. Cruises plc is incorporated under the laws of England and Wales. Immediately prior to the Demerger, the authorized U.S. dollar denominated share capital of Cruises plc will be increased based on the nominal value of the P&OSNCo deferred stock in issue as at that time;
8. application is being made to the U.K. Listing Authority ("UKLA") for the Cruises Shares to be admitted to the Official List, to the LSE for admission of the Cruises Shares to trading and to the NYSE for the listing of the American Depository Shares ("ADS") subject to the approval of the Demerger by the stockholders of P&OSNCo.;
9. Cruises plc is not, and there is no current intention that it will become, a reporting issuer in any province of Canada;
10. P&OSNCo will ask its shareholders to approve the Demerger at the extraordinary general meeting of P&OSNCo, which is expected to take place in October 2000 (the "Extraordinary General Meeting");

11. P&OSNCo will provide information about the Demerger to all of its shareholders in the form of a shareholder circular (the "Circular") and in a detailed English disclosure document for Cruises plc relating to the listing of the Cruises Shares (the "Listing Particulars"). These documents will be sent to all shareholders of P&OSNCo, including the Canadian Shareholders, approximately three weeks prior to the Extraordinary General Meeting;
  12. information contained in the Circular and Listing Particulars will conform to the requirements of the UKLA's Listing Rules, the LSE and the *UK Financial Services Act of 1986* as well as the NYSE and the *United States Securities Act of 1933*. The Circular and the Listing Particulars are subject to review and approval by the UKLA and the NYSE before they may be disseminated. Among other things, the Circular will describe the background, rationale and benefits of the Demerger to P&OSNCo and its shareholders, including a description of P&OSNCo's ongoing businesses and the continuing relationship between P&OSNCo and Cruises plc, and will include financial information with respect to P&OSNCo. The Listing Particulars will describe the business of Cruises plc and certain other information regarding the Demerger and will include financial information with respect to Cruises plc;
  13. the Demerger will involve, as a first step, the reorganization and transfer of all of the assets and subsidiaries comprising P&OSNCo's cruises business to a wholly-owned subsidiary of P&OSNCo, P&O Cruises Limited ("P&O Cruises"). The board of directors of P&OSNCo will then declare a dividend in specie to the deferred stockholders of P&OSNCo ("P&OSNCo Stockholders") which, in the aggregate, will be equal to the book value of P&OSNCo's investment in P&O Cruises. The dividend will be satisfied by (i) the transfer of the shares of P&O Cruises to Cruises plc and (ii) the issuance by Cruises plc of Cruises Shares to the P&OSNCo Stockholders, including Canadian Shareholders, on the basis of one Cruises Share for each £1 nominal value of deferred stock of P&OSNCo (the "Cruises Dividend"). P&OSNCo's Charters and Regulations (being its constitutional documents) require that the dividend in specie be approved by a majority of P&OSNCo's shareholders;
  14. immediately following the Demerger, the P&OSNCo Stockholders will hold Cruises Shares in the same proportion as their holdings of P&OSNCo Shares. P&OSNCo and Cruises plc will each operate as a separate publicly listed company and neither company will retain any beneficial shareholding in the other;
  15. all materials relating to the Demerger that are sent to P&OSNCo shareholders in the United Kingdom will concurrently be sent to Canadian Shareholders. Copies of such materials will also be filed with the Decision Makers;
  16. following the Demerger, Cruises plc shareholders with addresses in Canada will receive the same disclosure materials that are sent to Cruises plc shareholders who are resident in the United Kingdom absent any relevant securities law issues;
  17. the issuance of Cruises Shares pursuant to the Cruises Dividend to Canadian Shareholders constitutes a "distribution" within the meaning of the Legislation. Given that the Demerger is an initiative of P&OSNCo and that the Cruises Shares will be issued in connection with an obligation owed by Cruises plc to P&OSNCo, P&OSNCo's involvement may constitute acts in furtherance of the distribution of the Cruises Shares to Canadian Shareholders;
  18. there is no registration exemption available to P&OSNCo and no registration or prospectus exemption available to Cruises plc in connection with the distribution of the Cruises Shares to the Canadian Shareholders. Although the Cruises Shares are being issued as incidental to a good faith reorganization, the registration and prospectus exemptions provided for in the securities Legislation of certain Jurisdictions (the "good faith reorganization exemptions") may not be relied upon by Cruises plc and P&OSNCo since it is P&OSNCo rather than Cruises plc that is being reorganized pursuant to the Demerger, and the Cruises Shares will not be distributed by P&OSNCo.;
  19. both the Circular and Listing Particulars will contain representations to the effect that application has been made to the UKLA, the LSE and the NYSE for the listing of the Cruises Shares and ADS's. Both the Circular and the Listing Particulars will disclose that the Demerger is conditional, amongst other things, upon admission of the Cruises Shares to the UKLA's Official List and to the LSE for trading on its market for listed securities;
  20. there is no market in Canada for the Cruises Shares, and none is expected to develop;
- AND WHEREAS** pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
- AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
- THE DECISION** of the Decision Makers pursuant to the Legislation is that:
1. the trades of the Cruises Shares pursuant to the Demerger are exempt from the prospectus and registration requirements of the Legislation;
  2. the first trade in the Cruises Shares acquired by the Canadian Shareholders pursuant to this decision is a distribution or is deemed a distribution under the Legislation, unless such trade is executed through the facilities of a stock exchange or market outside Canada, in accordance with all rules and laws applicable to the stock exchange or market upon which the trade is made; and



3. P&OSNCo and Cruises plc are permitted to make representations in the Circular and Listing Particulars to the effect that application has been made to the UKLA, the LSE and the NYSE for the listing of the Cruises Shares and ADS and that the Demerger is conditional, amongst other things, upon admission of the Cruises Shares to the UKLA's Official List and to the LSE for trading on its market for listed securities.

September 22<sup>nd</sup>, 2000.

"Brenda Leong"

**2.1.8 PSION P.L.C., PSION Canada Inc., PSION Canada Holdings Inc. and Teklogix International Inc. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - relief from the registration and prospectus requirements in respect of certain trades made in connection with a merger involving a Canadian reporting issuer and a U.K. company where exemptions not available for technical reasons - first trade in shares of U.K. issuer shall be a distribution unless executed on a stock exchange outside of Canada.

Continuous Disclosure - exchangeco exempted from continuous disclosure requirements provided U.K. issuer files continuous disclosure materials in Canada. U.K. issuer not required to reconcile to Canadian GAAP provided it maintains a *de minimis* presence in Canada.

Insider Reporting - certain insiders of exchangeco exempted from insider reporting requirements.

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c.S.5, as am., 25, 53, 72(5), 74(1), 75, 77, 78, 79, 80(b)(iii), 81, 107, 108, 109 and 121(2).

**Applicable Ontario Rules**

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

**AND**

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

**AND**

**IN THE MATTER OF  
PSION P.L.C., PSION CANADA INC.,  
PSION CANADA HOLDINGS INC.**

**AND**

**TEKLOGIX INTERNATIONAL INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker"), in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland,

▪ **Decisions, Orders and Rulings**

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the Yukon Territory, Northwest Territories and Nunavut (collectively, the "Jurisdictions") has received an application from PSION P.L.C. ("PSION"), PSION Canada Inc. ("Exchangeco"), PSION Canada Holdings Inc. ("Callco") and Teklogix International Inc. ("Teklogix") (collectively, the "Applicant") for a decision pursuant to the securities legislation, regulations, rules and/or policies of the Jurisdictions (the "Legislation") that:

- (a) certain trades in securities made in connection with or resulting from the proposed merger (the "Merger") of PSION and Teklogix, to be effected by way of a plan of arrangement (the "Arrangement") under Section 182 of the *Business Corporations Act* (Ontario) (the "OBCA") shall be exempt from the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file a preliminary prospectus and a prospectus and receive receipts therefor (the "Prospectus Requirement");
- (b) Exchangeco be exempt from the requirements of the Legislation to issue a press release and file reports regarding material changes (the "Material Change Reporting Requirements"), to file and deliver annual reports, where applicable, interim and annual financial statements (the "Financial Statement Requirements") and an information circular (the "Proxy Requirements");
- (c) the requirement contained in the Legislation for an insider of a reporting issuer to file reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer (the "Insider Reporting Requirement") shall not apply to certain insiders of Exchangeco and its successors; and
- (d) the first trades in PSION ordinary shares and the exchangeable shares in the capital of Exchangeco (the "PSION Exchangeable Shares") issuable in connection with the Arrangement are not subject to the Prospectus Requirements subject to certain terms and conditions.

**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** the Applicant has represented to the Decision Makers that:

1. PSION is a public company in the United Kingdom whose ordinary shares are listed on The London Stock Exchange (the "LSE").
2. PSION is currently subject to the reporting requirements of the LSE and the United Kingdom List Authority (the "UKLA") and is not a reporting issuer or

the equivalent thereof under the Legislation or under the securities legislation of the United States.

3. PSION's authorized capital consists of 532,619,920 PSION Ordinary Shares, 5 pence par value of which 396,968,615 were issued and outstanding at June 30, 2000.
4. Callco is an indirect wholly-owned subsidiary of PSION. It was incorporated under the *Canada Business Corporations Act* (the "CBCA") on August 4, 2000 to hold the various call rights related to the PSION Exchangeable Shares.
5. The authorized capital of Callco consists solely of common shares. Upon completion of the Arrangement, all of the issued and outstanding common shares of Callco will be held directly or indirectly by PSION.
6. Exchangeco is an indirect wholly-owned subsidiary of PSION incorporated under the CBCA on August 4, 2000 for the purpose of implementing the Arrangement.
7. The authorized share capital of Exchangeco will consist of an unlimited number of common shares, an unlimited number of PSION Exchangeable Shares and an unlimited number of junior preferred shares issuable in series. Upon completion of the Arrangement, all of the outstanding common shares will be held by Callco and all of the outstanding PSION Exchangeable Shares (if any) will be held by former Teklogix shareholders who elect to receive PSION Exchangeable Shares in exchange for their Teklogix Common Shares under the Arrangement.
8. Upon the completion of the Arrangement and in the event that PSION Exchangeable Shares are issued pursuant to the Arrangement, the PSION Exchangeable Shares will be listed on The Toronto Stock Exchange ("the TSE") and Exchangeco will, where applicable, become a reporting issuer or the equivalent thereof under the Legislation.
9. Teklogix is a reporting issuer (or equivalent) in each of the Jurisdictions and its shares are listed and posted for trading on the TSE.
10. Teklogix is authorized to issue an unlimited number of common shares (the "Teklogix Common Shares") and an unlimited number of preferred shares (the "Teklogix Preferred Shares"). As at July 11, 2000, 14,441,742 Teklogix Common Shares were issued and outstanding, no Teklogix Preferred Shares were issued and outstanding and options to acquire (the "Teklogix Options") 1,110,613 Teklogix Common Shares were granted and outstanding under the Teklogix Stock Option Plans.
11. On July 11, 2000, PSION and Teklogix entered into a merger agreement (the "Merger Agreement"). The Merger will be effected by way of the Arrangement, pursuant to which PSION, through Exchangeco, will own all of the issued and outstanding Teklogix Common Shares.

12. Subject to the terms of an interim order (the "Interim Order") issued by the Ontario Superior Court of Justice (the "Court") on August 11, 2000, the required approval of the holders of the Teklogix Common Shares ("Teklogix shareholders") and holders of Teklogix Options ("Teklogix Optionholders") (Teklogix shareholders and Teklogix Optionholders collectively referred to as the "Teklogix Securityholders") to the Arrangement will be 66-2/3% of the votes cast at a meeting (the "Meeting"); each Teklogix shareholder will be entitled to one vote for each Teklogix Common Share held and each Teklogix Optionholder will be entitled to one vote for each Teklogix Common Share such holder would have received on a valid exercise of such holder's Teklogix Options.
13. In connection with the Arrangement, Teklogix has sent to the Teklogix Securityholders a management proxy circular dated August 11, 2000 (the "Circular"). The Circular will contain prospectus-level disclosure of the business and affairs of each of PSION and by inclusion by reference Teklogix, the particulars of the Arrangement and the securities to be issued in connection therewith.
14. Under the Arrangement, each holder of Teklogix Common Shares (other than PSION and its affiliates and a holder who exercises its right of dissent) will be entitled to elect to receive, at its option, the number of PSION Exchangeable Shares equal to the exchange ratio (the "Exchange Ratio") set out in the Merger Agreement (provided that at least 2,000,000 PSION Exchangeable Shares are issuable pursuant to valid elections by Teklogix shareholders) or the number of the PSION Ordinary Shares equal to the Exchange Ratio or Cdn.\$35 cash for each Teklogix Common Share held, subject to a maximum aggregate cash amount of Cdn.\$225 million or a combination thereof.
15. Upon the completion of the Arrangement and in the event that PSION Exchangeable Shares are issued pursuant to the Arrangement, the PSION Exchangeable Shares are intended to be listed and posted for trading on the TSE.
16. Under the Arrangement, Teklogix Options which are not conditionally exercised prior to the effective time of the Arrangement will become options to purchase PSION Ordinary Shares.
17. The provisions attaching to the PSION Exchangeable Shares (the "PSION Exchangeable Share Provisions"), together with the voting and exchange trust agreement (the "Voting and Exchange Trust Agreement") to be entered into by PSION, Exchangeco and a trustee (the "Trustee") and a support agreement (the "Support Agreement") to be entered into by PSION, Exchangeco and Callco will provide the holders thereof with a security of a Canadian issuer having economic and voting rights which are, in all material respects, equivalent (without taking into account tax effects) to those of a PSION Ordinary Share. Each PSION Exchangeable Share will entitle the holder to dividends from Exchangeco payable at the same time as, and equivalent to, each dividend paid by PSION on a PSION Ordinary Share.
18. The PSION Exchangeable Shares will be non-voting (except as required by the Exchangeable Share Provisions or by applicable law) and will be retractable at the option of the holder at any time. Subject to the overriding Retraction Call Right of Callco referred to below, upon retraction, the holder will be entitled to receive from Exchangeco for each PSION Exchangeable Share retracted an amount equal to the then current market price for a PSION Ordinary Share, to be satisfied by the delivery of one PSION Ordinary Share, plus an amount equal to all declared and unpaid dividends on each such PSION Exchangeable Share held by such holder on any dividend record date which occurred prior to the retraction date (such aggregate amount, the "Retraction Price"). Upon being notified by Exchangeco of a proposed retraction of PSION Exchangeable Shares, Callco will have an overriding call right (the "Retraction call Right") to purchase from the holder all of the PSION Exchangeable Shares that are subject of the retraction notice for a price per share equal to the Retraction Price.
19. The PSION Exchangeable Shares may be redeemed for PSION Ordinary Shares on a one-for-one basis at Exchangeco's option after January 31, 2010 or earlier in certain circumstances, including when fewer than 1,000,000 PSION Exchangeable Shares are held by non-PSION entities.
20. Subject to the overriding Redemption Call Right of Callco referred to below in this paragraph, Exchangeco will be entitled to redeem all the PSION Exchangeable Shares then outstanding, commencing on January 31, 2010 the "Redemption Date"). The board of directors may accelerate the Redemption Date in certain circumstances, as described in the Circular, including if there are fewer than 1,000,000 PSION Exchangeable Shares outstanding (other than PSION Exchangeable Shares held by PSION and its affiliates, and as such number of shares may be adjusted as deemed appropriate by the board of directors to give effect to anti-dilution adjustments). Upon such redemption, a holder will be entitled to receive from Exchangeco, for each PSION Exchangeable Share redeemed, an amount equal to the current market price of a PSION Ordinary Share, to be satisfied by the delivery of one PSION Ordinary Share, plus an amount equal to all declared and unpaid dividends on each such PSION Exchangeable Share held by such holder on any dividend record date which occurred prior to the Redemption Date (such aggregate amount, the "Redemption Price"). Upon being notified by Exchangeco of a proposed redemption of PSION Exchangeable Shares, Callco will have an overriding call right (the "Redemption Call Right") to purchase all of the outstanding PSION Exchangeable Shares (other than those held by PSION or its affiliates) for a price per share equal to the Redemption Price.
21. Subject to the overriding Liquidation Call Right of Callco referred to below, on the liquidation, dissolution or winding-up of Exchangeco, a holder of PSION Exchangeable Shares will be entitled to receive from Exchangeco for each PSION Exchangeable Share held an amount equal to the current market price of a PSION

- Ordinary Share on the last business day prior to the liquidation date, to be satisfied by the delivery of one PSION Ordinary Share, plus an amount equal to all declared and unpaid dividends on each such PSION Exchangeable Share held by such holder on any dividend record date which occurred prior to the liquidation date (such aggregate amount, the "Liquidation Price"). Upon a proposed liquidation, dissolution or winding-up of Exchangeco, Callco will have an overriding call right (the "Liquidation Call Right") to purchase all of the outstanding PSION Exchangeable Shares from the holders thereof (other than PSION or its affiliates) for a price per share equal to the Liquidation Price.
22. Pursuant to the Voting and Exchange Trust Agreement, PSION will issue a special voting share (the "PSION Special Voting Share") to the Trustee and which will be held for the benefit of the holders of PSION Exchangeable Shares outstanding from time to time (other than PSION and its affiliates) in accordance with the terms of the Voting and Exchange Trust Agreement. The Special Voting Share will carry a number of voting rights, exercisable at any meeting of the holders of PSION Ordinary Shares. Each voting right attached to the PSION Special Voting Share must be voted by the Trustee pursuant to the instructions received from the holders of the PSION Exchangeable Shares. In the absence of any such instructions from a holder, the Trustee will not be entitled to exercise the related voting rights. Upon the exchange of a PSION Exchangeable Share for a PSION Ordinary Share, the holder of the PSION Exchangeable Share becomes a holder of a PSION Ordinary Share and the right of such holder to exercise votes attached to the PSION Special Voting Share (as well as the votes themselves relating to that holder) terminates.
23. Under the Voting and Exchange Trust Agreement, upon the liquidation, dissolution or winding-up of Exchangeco, PSION will be required to purchase each outstanding PSION Exchangeable Share and each holder will be required to sell all of its PSION Exchangeable Shares (such purchase and sale obligations are hereafter referred to as the "Automatic Exchange Right"). The purchase price for each PSION Exchangeable Share purchased by PSION will be an amount equal to the then current market price of a PSION Ordinary Share, to be satisfied by the delivery to the Trustee, on behalf of the holder, of one PSION Ordinary Share, together with, on the designated payment date therefor and to the extent not already paid by Exchangeco, all declared and unpaid dividends on each such PSION Exchangeable Share.
24. Under the Voting and Exchange Trust Agreement, upon the liquidation, dissolution or winding-up of PSION, PSION will be required to purchase each outstanding PSION Exchangeable Share and each holder will be required to sell all of its PSION Exchangeable Shares (such purchase and sale obligations are hereafter referred to as the "Automatic Exchange Rights on Liquidation"), for a purchase price per share equal to the then current market price of a PSION Ordinary Share, to be satisfied by the delivery to the Trustee, on behalf of the holder, of one PSION Ordinary Share, together with, on the designated payment date therefor and to the extent not already paid by Exchangeco, all declared and unpaid dividends on each such PSION Exchangeable Share.
25. Contemporaneously with the closing of the Arrangement, PSION, Exchangeco and Callco will enter into the Support Agreement which will restrict PSION from declaring or paying dividends on the PSION Ordinary Shares unless equivalent dividends are declared and paid on the PSION Exchangeable Shares. In addition, pursuant to the Support Agreement, PSION may not make any changes to the PSION Ordinary Shares (e.g., subdivision, consolidation or reclassification) unless the sale or economically equivalent changes are simultaneously made to the PSION Exchangeable Shares or such changes are approved by the holders of the PSION Exchangeable Shares.
26. The Arrangement involves, or may involve, a number of trades (the "Trades") including: (i) the issuance of the PSION Exchangeable Shares, Replacement Options and PSION Ordinary Shares; (ii) the issuance of PSION Ordinary Shares upon the exchange of the PSION Exchangeable Shares, the issuance of PSION Ordinary Shares upon the exercise of a Replacement Option; (iii) the creation and exercise of all the various rights under the Voting and Exchange Trust Agreement, Support Agreement and Exchangeable Share Provisions; (iv) and the issuance of shares by PSION and its affiliates (including Exchangeco and Callco) in connection with the Arrangement.
27. The fundamental investment decision to be made by a holder of Teklogix Common Shares and Teklogix Options is made at the time of the Teklogix Securityholders Meeting when such holder votes in respect of the Arrangement. As a result of this decision, any Teklogix Options which have not been conditionally exercised become Replacement Options and any holder of Teklogix Common Shares (other than PSION and its affiliates and a holder who exercises its right of dissent) receives PSION Exchangeable Shares, PSION Ordinary Shares, cash or a combination thereof in exchange for such Teklogix Common Shares. The PSION Exchangeable Shares will be the economic equivalent in all material respects of PSION Ordinary Shares. All subsequent exchanges of PSION Exchangeable Shares will be in furtherance of the holder's initial investment decision, the approval of the Arrangement.
28. The initial investment decision will be made on the basis of the Circular, which contains prospectus-level disclosure of the business and affairs of each of PSION and Exchangeco, on the particulars of the Arrangement and on the securities to be issued in connection therewith.
29. PSION will send concurrently to all holders of PSION Exchangeable Shares and PSION Ordinary Shares resident in Canada all disclosure material furnished to holders of PSION Ordinary Shares resident in the

United Kingdom, including, without limitation, copies of its proxy solicitation materials, its annual financial statements and its semi-annual financial statements which financial statements will be prepared solely in accordance with United Kingdom generally accepted accounting principles ("UK GAAP").

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

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

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

1. the Prospectus Requirement and the Registration Requirement shall not apply to any of the Trades.
2. the first trade in PSION Exchangeable Shares acquired under the Arrangement shall be deemed to be a distribution or a primary distribution to the public under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation"), unless:
  - (a) Exchangeco is a reporting issuer or the equivalent under the Applicable Legislation or where the Applicable Legislation does not recognize the status of a reporting issuer, the requirements described in paragraph 4 below are met;
  - (b) if the seller is in a "special relationship" with or is an "insider" of Exchangeco (where such term is defined in the Applicable Legislation) the seller has reasonable grounds to believe that Exchangeco is not in default of any requirement of the Applicable Legislation;
  - (c) no unusual effort is made to prepare the market or to create a demand for the PSION Exchangeable Shares, and no extraordinary commission or consideration is paid in respect of such first trade;
  - (d) disclosure of the exempt trade is made to the Decision Maker(s) (the Decision Makers hereby confirming that the filing of the Circular with the Decision Makers constitutes disclosure to the Decision Makers of the exempt trade); and
  - (e) such first trade, except in Quebec, is not made from the holdings of any person, company or combination of persons or companies holding a sufficient number of any securities of PSION (with PSION Exchangeable Shares counted as securities of PSION) to affect materially the control of PSION (with any holding of any person, company or combination of persons or companies exceeding 20% of the outstanding voting securities of Exchangeco and PSION on a consolidated basis shall, in the absence of

evidence to the contrary, be deemed to affect materially the control of PSION) unless:

- (i) Exchangeco is a reporting issuer (or equivalent) under the Applicable Legislation, if applicable, and is not in default of any requirement of the Applicable Legislation;
- (ii) the seller files with the applicable Decision Maker(s) and any other stock exchange recognized by such Decision Maker(s) for this purpose on which the PSION Exchangeable Shares are listed at least seven days and not more than fourteen days prior to such first trade,
  - (A) a notice of intention to sell in the form prescribed by the Applicable Legislation for control block distributions (the "Control Block Rules") disclosing particulars of the control position known to the seller, the number of PSION Exchangeable Shares to be sold and the method of distribution; and
  - (B) a declaration signed by the seller as at a date not more than twenty-four hours prior to its filing and prepared and executed in accordance with the Control Block Rules and certified as follows:

"the seller for whose account the securities to which this certificate relates are to be sold hereby represents that the seller has no knowledge of any material change which has occurred in the affairs of the issuer of the securities which has not been generally disclosed and reported to the [name of securities regulatory authority in the jurisdiction where the trade takes place], nor has the seller any knowledge of any other material adverse information in regard to the current and prospective operations of the issuer which have not been generally disclosed";

provided that the notice required to be filed under Section 2(v)(B)(I) and the declaration required to be filed under the Section 2(v)(B)(II) shall be renewed and filed at the end of sixty days after the original date of filing and thereafter at the end of each twenty-eight day period so long as any of the PSION Exchangeable Shares specified under the original notice have not been sold or until notice has been filed that the PSION Exchangeable Shares so specified or any part thereof are no longer for sale;
- (iii) the seller files with the applicable Decision Maker(s) within three days after

- the completion of any such first trade, a report of the trade in the form prescribed by the Applicable Legislation;
- (iv) no unusual effort is made to prepare the market or to create a demand for the PSION Exchangeable Shares and no extraordinary commission or other consideration is paid in respect of such first trade; and
- (v) the seller (or affiliated entity) has held the PSION Exchangeable Shares and/or the Teklogix Common Shares, in the aggregate, for a period of at least six months provided that if:
- (A) the Applicable Legislation provides that, upon a seller to whom the Control Block Rules apply, acquiring additional securities of a class pursuant to certain prescribed exemptions from prospectus requirements under such legislation, all securities of such class are subject to a hold period commencing the date the last security of the class was acquired under such prescribed exemptions; and
- (B) the seller acquires PSION Exchangeable Shares or PSION Ordinary Shares pursuant to any such prescribed exemptions;
- all PSION Exchangeable Shares and PSION Ordinary Shares held by the seller will be subject to the hold period established by the Applicable Legislation commencing on the date any such subsequent PSION Exchangeable Shares and PSION Ordinary Shares are acquired;
3. the first trade in PSION Ordinary Shares acquired under the Arrangement, the exchange of PSION Exchangeable Shares or upon the issuance of Replacement Options shall be deemed to be a distribution or a primary distribution to the public unless such trade is executed through the facilities of a stock exchange or market outside of Canada in accordance with all laws and rules applicable to such stock exchange or market; and
4. that the Material Change Reporting Requirements, the Financial Statement Requirements and the Proxy Requirements shall not apply to Exchangeco, and where applicable PSION, and the Insider Reporting Requirements shall not apply to an insider of Exchangeco who is an insider only by virtue of being a director or senior officer of Exchangeco or a subsidiary of Exchangeco who is not otherwise an insider of PSION, for so long as:
- (a) PSION sends concurrently to all holders of PSION Exchangeable Shares and PSION Ordinary Shares resident in Canada all disclosure material furnished to holders of PSION Ordinary Shares resident in the United Kingdom, including, without limitation, copies of its proxy solicitation materials, its annual financial statements and its semi-annual financial statements which financial statements will be prepared solely in accordance with UK GAAP;
- (b) the financial statements to be provided by PSION in accordance with clause 4(a) are reconciled to Canadian GAAP for each reporting period commencing immediately following a reporting period during which the number of PSION Ordinary Shares and PSION Exchangeable Shares, in the aggregate, held beneficially by persons or companies in Canada represent 10% or more of the total number of issued and outstanding PSION Ordinary Shares;
- (c) as regards the Insider Reporting Requirements applicable to a director or senior officer of Exchangeco, where the director or officer does not receive information as to material facts or material changes concerning PSION in the ordinary course before such information is generally disclosed;
- (d) PSION files with each Decision Maker copies of all documents required to be filed by it with the LSE and the UKLA;
- (e) the Circular includes a statement that, as a consequence of this order, Exchangeco and its insiders will be exempt from certain disclosure requirements applicable to reporting issuers and its insiders in Canada, and specifies those requirements Exchangeco and its insiders have been exempted from, and identifies the disclosure that will be made in substitution therefor;
- (f) PSION complies with the requirements of the UKLA and LSE in respect of making public disclosure of material information on a timely basis and forthwith issues in Canada and files with the Decision Makers any press release that discloses a material change in PSION's affairs; and Exchangeco complies with the Material Change Reporting requirements in respect of material changes in the affairs of Exchangeco that would be material to holders of PSION Exchangeable Shares but would not be material to holders of PSION Ordinary Shares;
- (g) PSION includes in all mailings of proxy solicitation materials (if any) to holders of PSION Exchangeable Shares a clear and concise statement explaining the reason for the mailed material being solely in relation to PSION and not in relation to Exchangeco, such statement to include a reference to the economic equivalency

between the PSION Exchangeable Shares and the PSION Ordinary Shares and the right to direct voting at PSION's shareholders' meetings pursuant to the Voting and Exchange Trust Agreement (without taking into account tax effects);

- (h) PSION remains the direct or indirect beneficial owner of all the issued and outstanding common shares of Exchangeco; and
- (i) except for securities issued to PSION or to wholly-owned subsidiaries of PSION, Exchangeco does not issue any securities to the public other than the PSION Exchangeable Shares.

September 15<sup>th</sup>, 2000.

"J. A. Geller"

"K. D. Adams"

## 2.1.9 QuébecTel Group Inc. - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Decision declaring corporation to be no longer a reporting issuer following the acquisition of all of its outstanding securities by another 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, QUÉBEC, NOVA SCOTIA,  
AND NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF  
THE QUÉBECTEL GROUP INC.

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, Québec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from The QuébecTel Group Inc. (the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the Filer be deemed to have ceased to be a reporting issuer or the equivalent under the Legislation;

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

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

1. The Filer was incorporated by Articles of Amalgamation, under the *Companies Act* (Québec), on June 1, 2000;
2. The Filer is a reporting issuer or the equivalent under the Legislation.
3. The authorized share capital of the Filer consists of an unlimited number of common shares (the "Common Shares"), and an unlimited number of redeemable preferred shares (the "Redeemable Preferred Shares") of which 36,237,530 Common Shares are issued and outstanding and no Redeemable Preferred Shares are issued and outstanding.

4. On May 31, 2000, the shareholders of the old corporation The QuébecTel Group Inc. (the "old QuébecTel") voted at 97% in favour of the amalgamation between the old QuébecTel and 9090-4202 Québec Inc., a company incorporated solely for the purposes of the amalgamation.
5. All Redeemable Preferred Shares issued to public minority shareholders of QuébecTel pursuant to the amalgamation were redeemed, on June 5 2000.
6. Following the amalgamation and the redemption of the preferred shares, TELUS Corporation (formerly BCT.TELUS Communications Inc.) and Anglo-Canadian Telephone Company hold respectively approximately 70 % and 30 % of the outstanding Common Shares of the Filer.
7. The Filer has no other outstanding securities, other than the Common Shares.
8. The Common Shares were delisted from The Toronto Stock Exchange at the close of business on June 7, 2000, and no other securities of the Filer are listed on any of the exchanges in Canada.
9. The Filer does not intend to offer its securities to the public; and is not in default of any of its obligations under the Legislation.

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

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision 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 under the Legislation.

**DATED** at Montréal, Québec this August 21, 2000

Le chef du service de l'information financière,

(s) *Michel Vadnais*

**AFFAIRE INTÉRESSANT LA LÉGISLATION EN VALEURS  
MOBILIÈRES DE  
LA COLOMBIE-BRITANNIQUE, DE L'ALBERTA,  
DE LA SASKATCHEWAN, DE L'ONTARIO,  
DU QUÉBEC, DE LA NOUVELLE-ÉCOSSE  
ET DE TERRE-NEUVE**

**ET**

**LE RÉGIME D'EXAMEN CONCERTÉ  
DES DEMANDES DE DISPENSE**

**ET**

**LE GROUPE QUÉBECTEL INC.**

**DOCUMENT DE DÉCISION DU REC**

**CONSIDÉRANT QUE** l'autorité locale en valeurs mobilières canadienne ou l'autorité de réglementation (le «décideur») de chacune des provinces de la Colombie-Britannique, de l'Alberta, de la Saskatchewan, de l'Ontario, du Québec, de la Nouvelle-Écosse et de Terre-Neuve (les «territoires») a reçu une demande de Le Groupe QuébecTel Inc. (le «déposant») pour une décision en vertu de la législation en valeurs mobilières des territoires (la «législation») selon laquelle le déposant soit réputé avoir cessé d'être un émetteur assujéti ou l'équivalent en vertu de la législation;

**CONSIDÉRANT QUE**, selon le régime d'examen concerté des demandes de dispense (le «régime»), la Commission des valeurs mobilières du Québec est l'autorité principale pour la présente demande;

**CONSIDÉRANT QUE**, le déposant a déclaré aux décideurs ce qui suit :

1. Le déposant a été constitué le 1<sup>er</sup> juin 2000, par certificat de fusion, en vertu de la *Loi sur les compagnies* (Québec);
2. Le déposant est un émetteur assujéti ou l'équivalent en vertu de la législation.
3. Le capital-actions autorisé du déposant est constitué d'un nombre illimité d'actions ordinaires (les «actions ordinaires») et un nombre illimité d'actions privilégiées rachetables (les «actions privilégiées rachetables») dont 36,237,530 actions ordinaires sont en circulation et aucune action privilégiée rachetable n'est en circulation.
4. Le 31 mai 2000, les actionnaires de l'ancienne société Le Groupe QuébecTel Inc. (l'«ancienne QuébecTel») ont voté en faveur de la fusion de l'ancienne QuébecTel et 9090-4202 Québec Inc., une compagnie constituée seulement pour les fins de la fusion.
5. La totalité des actions privilégiées rachetables émises aux actionnaires minoritaires publics de l'ancienne QuébecTel, lors de la fusion, ont été rachetées le 5 juin 2000.



6. Suite à la fusion et au rachat des actions privilégiées, TELUS Corporation (anciennement BCT.TELUS Communications Inc.) et La Compagnie Téléphone Anglo-Canadienne détiennent respectivement environ 70 % et 30 % des actions ordinaires en circulation du déposant.
7. Le déposant n'a pas d'autres titres en circulation, autres que les actions ordinaires.
8. Les actions ordinaires ont été retirées de la cote de la Bourse de Toronto le 7 juin 2000, et aucun autre titre du déposant n'est coté en bourse au Canada.
9. Le déposant n'a pas l'intention d'offrir d'autres titres dans le public et il n'est pas en défaut de ses obligations en vertu de la législation.

**CONSIDÉRANT QUE** selon le régime, le présent document de décision confirme la décision de chaque décideur (collectivement, la «décision»);

**ET CONSIDÉRANT QUE** chacun des décideurs est d'avis que les critères prévus dans la législation qui lui accordent le pouvoir discrétionnaire ont été respectés;

**LA DÉCISION** des décideurs en vertu de la législation est que le déposant soit réputé avoir cessé d'être un émetteur assujéti ou l'équivalent en vertu de la législation.

FAIT à Montréal (Québec), le 21 août 2000.

Le chef du service de l'information financière,  
(s) Michel Vadnais

**2.1.10 Quicklaw Inc., HSBC Securities (Canada) Inc., BMO Nesbitt Burns Inc. and TD Securities Inc. - MRRS Decision**

**Headnote**

MRRS - Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a "connected issuer" but not a "related issuer" of registrants that are to act as underwriters in a proposed distribution of securities of the Issuer - Issuer is not a "specified party" as defined in Draft Multi-Jurisdictional Instrument 33-105 Underwriter Conflicts - Registrants underwriters exempted from independent-underwriter requirements, provided that, at the time of the distribution, the issuer is not a "specified party" as defined in the Instrument, and, in the case of each registrant, is not a related issuer.

**Applicable Ontario Statutory Provisions**

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

**Applicable Ontario Regulations**

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., 219(1), 224(1)(b), 233.

**Applicable Ontario Rules**

*In the Matter of the Limitations on a Registrant Underwriting Securities of Related Issuer or Connected Issuer of the Registrant, (1997) 20 OSCB 1217, as varied by (1999) 22 OSCB 6295.*

**IN THE MATTER OF THE SECURITIES LEGISLATION  
OF THE PROVINCES OF BRITISH COLUMBIA,  
NEWFOUNDLAND, ONTARIO AND QUÉBEC**

**AND**

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

**AND**

**IN THE MATTER OF  
QUICKLAW INC.**

**AND**

**IN THE MATTER OF  
HSBC SECURITIES (CANADA) INC.,  
BMO NESBITT BURNS INC. AND  
TD SECURITIES INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Newfoundland, Ontario and Québec (the "Jurisdictions") has received an application from HSBC Securities (Canada) Inc. ("HSBC Securities"), BMO Nesbitt Burns Inc. and TD Securities Inc., (collectively the "Underwriters" or the "Filer") for

a decision pursuant to the securities legislation of said Jurisdictions (the "Legislation") that the restrictions (the "Independent Underwriter Restrictions") against acting as an underwriter in connection with a distribution of the securities of an issuer which is a "related" or "connected" issuer contained in the Legislation shall not apply to the Filer in connection with a proposed public offering (the "Offering") of common shares (the "Common Shares") in the capital of Quicklaw Inc. (the "Company") to be made by means of a prospectus;

**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** the Filer has represented to the Decision Makers that:

1. The Company will be making the Offering, consisting of the Common Shares and in connection therewith filed an amended preliminary prospectus (the "Preliminary Prospectus") in each province in Canada on September 11, 2000 and expects to file a final prospectus (the "Final Prospectus") on or about September 27, 2000;
2. Pursuant to an underwriting agreement between the Company and the Underwriters, the Underwriters will purchase all but not less than all of the Common Shares;
3. The proportionate share of the Offering to be sold by each of the Underwriters is expected to be as follows:

HSBC Securities	- 50%
BMO Nesbitt Burns Inc.	- 30%
TD Securities Inc.	- 20%
4. HSBC Securities, being one of the Underwriters, is a wholly-owned subsidiary of a Canadian chartered bank (the "Bank"). On January 31, 2000, the Bank signed a commitment letter with the Company in connection with a \$3,500,000 secured, demand non-revolving term loan (the "Term Loan") and a \$2,000,000 secured, demand revolving operating loan (the "Operating Loan");
5. The Term Loan, if not repaid in full by September 30, 2000, is repayable in monthly principal payments of \$106,062 plus interest commencing January 2001. After September 30, 2000, a \$5,000 monthly administration fee will be payable to the Bank in respect of the Term Loan for 12 months or until it is repaid, whichever occurs first. The Company's indebtedness to the Bank is secured by a second ranking demand collateral mortgage on the Company's premises in Kingston, a general security agreement on capital assets, trust agreements on databases and certain personal guarantees, including guarantees by Quicklaw America Inc. and Irwin Law Inc., wholly-owned subsidiaries of the Company.
6. Approximately \$3,500,000 of the net proceeds of the Offering will be used to repay the Term Loan and may be used to reduce the amount outstanding under the Operating Loan;

7. Accordingly, the Company may be considered a "connected issuer" (or its equivalent) of HSBC Securities, as such term is described in the Legislation. The Company is not a "related issuer" as such term is described in the Legislation, of any of the Underwriters;
8. The decision to distribute the Common Shares and determination of the terms of the distribution were made through negotiation between the Company and the Underwriters. The Bank did not have any involvement in such decision or determination;
9. The proportionate share of the Offering to be sold by each of the Underwriters does not comply with the requirements of the Legislation, as the portion of the distribution underwritten by at least one other registrant in respect of which the Company is not a related issuer or connected issuer is less than the portion of the distribution underwritten by HSBC Securities, a registrant in respect of which the Company is a connected issuer;
10. The proportionate share of the Offering to be underwritten by each of the Underwriters complies with the requirements of proposed Multi-Jurisdictional Instrument 33-105 "Underwriting Conflicts" ("Proposed Instrument 33-105") in that at least twenty (20) per cent of the dollar value of the distribution is being underwritten by an independent underwriter;
11. The Request for Comments accompanying Proposed Instrument 33-105 indicated that the Quebec Securities Commission would require independent underwriters to underwrite at least 50% of the Offering. This test is met in the circumstances of the Offering;
12. The Company is in good financial condition and is not a "specified party" as defined in Proposed Instrument 33-105;
13. The Final Prospectus will contain the information specified in Appendix "C" of Proposed Instrument 33-105 on the basis that the Company is a "connected issuer" of HSBC Securities (as such term is defined in Proposed Instrument 33-105); and
14. The certificate in the Preliminary Prospectus has been and in the Final Prospectus will be signed by each of the Underwriters;

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

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

**THE DECISION** of the Decision Makers, pursuant to the Legislation, is that, in connection with the Offering, the Independent Underwriter Restrictions shall not apply to any of the Underwriters provided that, at the time of the Offering, and in the case of each Underwriter:

- (i) the Company is not a "related issuer" of the Underwriter, for the purposes of the Legislation; and
- (ii) the Company is not a "specified party", as such term is defined in Draft Instrument 33-105.

September 26th, 2000.

"J. A. Geller"

"Robert W. Davis"

## **2.1.11 RBC Dominion Securities Inc. and Mediagrif Interactive Technologies Inc. - MRRS Decision**

### **Headnote**

Issuer is a connected issuer, but not a related issuer, in respect of registrants that are underwriters in proposed distribution of trust units by the issuer - Underwriters exempt from the independent underwriter requirement in the legislation provided that issuer not in financial difficulty.

### **Regulations Cited**

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 219(1), 224(1)(b) and 233.

### **Rules Cited**

Proposed Multi-Jurisdictional Instrument 33-105 *Underwriting Conflicts* (1998),  
21 OSCB 788.

### **IN THE MATTER OF THE CANADIAN SECURITIES LEGISLATION OF QUEBEC, BRITISH COLUMBIA, ALBERTA, ONTARIO AND NEWFOUNDLAND**

**AND**

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

**AND**

### **IN THE MATTER OF RBC DOMINION SECURITIES INC. AND MEDIAGRIF INTERACTIVE TECHNOLOGIES INC.**

### **MRRS DECISION DOCUMENT**

**WHEREAS** an application has been received by the securities commission (the "Decision Maker") of Quebec, British Columbia, Alberta, Ontario and Newfoundland (the "Jurisdictions") from RBC Dominion Securities Inc. ("RBCDS") for a decision pursuant to the securities legislation of Quebec, British Columbia, Alberta, Nova Scotia, Ontario and Newfoundland (the "Legislation") that the requirements to comply with the rule against acting as an Underwriter in connexion with a distribution of securities of a connected issuer of the underwriter (the "Independent Underwriter Requirement") contained in the Legislation shall not apply to RBCDS in connexion with a proposed initial public offering of common shares by Mediagrif Interactive technologies Inc. (the "Issuer") (the "Offering") to be made by means of a prospectus (the "Prospectus");

**WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "ERA") the

Quebec Securities Commission is the principal regulator for this application;

**AND WHEREAS** the Issuer and RBCDS have represented to the Decision Makers that:

1. The Issuer is a developer, owner and operator of vertical business-to-business e-commerce market places ("**B2B Marketplaces**"). The Issuer's B2B Marketplaces currently operate primarily in the electronic components industry and the secondary computer equipment industry.
2. Prior to the closing of the Offering, articles of amendment will be filed for a conversion and subdivision of shares creating an authorized capital consisting of an unlimited number of common shares and an unlimited number of preferred shares. Class C shares will be converted to common shares and private company restrictions will be removed.
3. Under the terms of the Offering, the Issuer will become a reporting issuer.
4. On May 19, 2000, the Royal Bank of Canada (the "**Bank**") subscribed to 6562 common shares, representing approximately 2% of the Issuer's outstanding common shares for a cost of \$4 million (the "**Private Placement**").
5. The Bank has also committed to subscribe, at the same price as under the final Prospectus for a maximum cost of \$11 million, upon the closing of the Offering, for such additional common shares (including the shares acquired pursuant to the Private Placement) as will permit the Bank to own an aggregate of 4.9% of the Issuer's outstanding common shares after completion of the Offering (the "**Concurrent Subscription**").
6. On May 19, 2000, the Issuer also entered into a joint venture with the Bank for the development of vertical e-commerce market places, which will conduct business under the name "B2B Vertical Markets Inc." (the "**Joint Venture**").
7. The Issuer has granted the Joint Venture a non-exclusive and perpetual licence to use the Issuer's technology in exchange for common shares of the Joint Venture representing a 50% economic interest and the bank has invested \$10 million in the Joint Venture in exchange for the remaining 50% economic interest (the "**Joint Venture Investment**").
8. RBCDS is a wholly owned subsidiary of the Bank.
9. By virtue of the Private Placement, the Concurrent Subscription and the Joint Venture Investment, the Issuer may, in connexion with the Offering, be considered a "Connected Issuer" of RBCDS in accordance with the Multi-Jurisdictional Instrument 33-105 and Companion Policy 33-105 - Underwriting Conflicts ("**33-105**"). The Issuer is not a "Related Issuer" as defined in 33-105.
10. Pursuant to an agreement (the "**Underwriting Agreement**") to be made between the Issuer, RBCDS, CIBC World Markets Inc. ("**CIBC WM**"), National Bank Financial Inc. ("**National**") and Scotia Capital Inc. ("**Scotia**") (collectively the "**Underwriters**"), the Underwriters will purchase the common shares under the Offering on the terms and conditions described therein.
11. The Issuer is neither a "Connected Issuer" nor a "Related Issuer" of CIBC WM for the purposes of the Offering.
12. CIBC WM will underwrite at least 20% of the dollar value of the Offering, will participate in the structuring and pricing of the Offering and has and will continue to participate in the due diligence activities performed by the Underwriters for the Offering.
13. The Preliminary Prospectus, the Amended Preliminary Prospectus and the final Prospectus will contain a certificate signed by the Underwriters.
14. RBCDS will not receive any benefits from the Offering other than the payment of its fees in connexion therewith.
15. Each of the Underwriters will be, at the time of final receipt of the Prospectus, registered as a dealer in the categories of "broker" and "investment dealer" in all provinces and territories.
16. The Preliminary Prospectus, the Amended Preliminary Prospectus and the final Prospectus will disclose the nature of the relationship between the Issuer, RBCDS and the Bank and the existence of the Private Placement, the Joint Venture Investment and the Concurrent Subscription.
17. While the Bank currently owns approximately 2% of the Issuer's common shares and will likely own approximately 4.9% of the Issuer's common shares following the Concurrent Subscriptions, the Bank and RBCDS are not "Influential Securityholders" as such term is defined in 33-105.
18. The decision to make the Offering, including the terms and conditions of distribution, were made through negotiations between the Issuer and the Underwriters without the involvement of the Bank.
19. The Issuer is not in financial difficulty, is not under immediate financial pressure to proceed with the Offering and is not in default in any of its obligations.

**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 Independent Underwriter Requirement shall not apply to RBCDS in connexion with the Offering provided that:

- (a) CIBC WM underwrites at least 20% of the Offering;
- (b) CIBC WM participates in the due diligence, prospectus drafting and pricing in relation to the Offering and the extent of its participation is fully described in the Prospectus;
- (c) CIBC WM signs the underwriters certificate in the Prospectus;
- (d) The Issuer is not a "related issuer" of the RBC nor a "specified party", as such term is defined in 33-105, at the time of the Offering.
- (e) The prospectus contains the information specified in Appendix C in 33-105.

September 21st, 2000.

"Jean Lorrain"

**DANS L'AFFAIRE DE  
LA LÉGISLATION EN VALEURS MOBILIÈRES  
DE LA COLOMBIE-BRITANNIQUE, DE L'ALBERTA,  
DE L'ONTARIO, DU QUÉBEC ET DE TERRE-NEUVE  
ET**

**DANS L'AFFAIRE DU  
RÉGIME D'EXAMEN CONCERTÉ DES DEMANDES DE  
DISPENSE**

**ET  
DANS L'AFFAIRE DE  
RBC DOMINION VALEURS MOBILIÈRES INC. ET  
TECHNOLOGIES INTERACTIVES MEDIAGRIF INC.**

**DOCUMENT DE DÉCISION DU REC**

**ATTENDU QUE** l'autorité locale en valeurs mobilières ou l'agent responsable (le "décideur") de chacune des provinces de la Colombie-Britannique, de l'Alberta, de l'Ontario, du Québec et de Terre-Neuve (les "territoires") ont reçu une demande de la part de RBC Dominion valeurs mobilières Inc. ("RBC") pour une décision en vertu de la législation en valeurs mobilières des territoires (la "législation") afin que l'exigence contenue dans la législation relative au respect de la règle interdisant d'agir en tant que preneur ferme dans le cadre du placement de titres d'un émetteur relié ou associé au preneur ferme (l' "exigence relative au preneur ferme indépendant") ne s'applique pas à RBC relativement au placement proposé (le "placement") d'actions ordinaires par Technologies Interactives Mediagrif Inc. (l' "émetteur") devant être effectué au moyen d'un prospectus (le "prospectus");

**ATTENDU QUE** selon le régime d'examen concerté des demandes de dispense (le "régime"), la Commission des valeurs mobilières du Québec est l'autorité principale pour la présente demande;

**ATTENDU QUE** l'émetteur et RBC ont déclaré aux décideurs ce qui suit:

1. L'émetteur est un promoteur, propriétaire et exploitant de cybermarchés verticaux inter-entreprises (les "cyber entreprises"). Les cyber entreprises de l'émetteur opèrent principalement dans l'industrie des composants électroniques et l'industrie secondaire du matériel informatique et de télécommunication.
2. Avant la clôture du placement, l'émetteur déposera des statuts de modification dans le but de convertir et fractionner des actions afin de créer un capital social autorisé comportant un nombre illimité d'actions ordinaires et un nombre illimité d'actions privilégiées. Les actions de catégorie C seront converties en actions ordinaires et certaines restrictions relatives à une société fermée seront éliminées.
3. Aux termes du présent placement, l'émetteur deviendra un émetteur assujetti.

4. Le 19 mai 2000, la Banque Royale du Canada (la "Banque") a souscrit à 6562 actions ordinaires de l'émetteur, représentant environ 2% des actions ordinaires de l'émetteur à un prix de 4 millions \$ (le "Placement Privé").
5. De plus, la banque s'est engagée à souscrire, simultanément à la clôture du placement et au même prix auquel les actions sont offertes au public en vertu du placement pour un montant maximal de 11 millions \$, à un nombre supplémentaire d'actions ordinaires qui lui permettra d'être propriétaire de 4,9% des actions ordinaires de l'émetteur en circulation après le placement (les "bons de souscription").
6. Le 19 mai 2000, l'émetteur a aussi créé une coentreprise appelée "B2B Vertical Markets Inc." avec la banque prévoyant le développement de cybermarchés verticaux (la "coentreprise").
7. L'émetteur a accordé à la coentreprise une licence permanente et non-exclusive lui permettant d'utiliser la technologie de l'émetteur en contrepartie d'actions ordinaires de la coentreprise représentant un intérêt économique de 50% dans celle-ci. La banque, quant à elle, a investi 10 millions \$ dans la coentreprise en échange de l'autre intérêt économique de 50% (l'"investissement de coentreprise").
8. RBC est une filiale en propriété exclusive de la banque.
9. En raison du placement privé, des bons de souscription et de l'investissement de coentreprise, l'émetteur peut, dans le cadre du placement, être considéré comme un "émetteur associé" à RBC selon la définition de l'expression "*connected issuer*" dans le projet de norme multilatérale 33-105 (*Proposed Multi-Jurisdictional Instrument 33-105*) et du projet d'instruction complémentaire 33-105IC - conflits d'intérêts (*Proposed Companion Policy 33-105CP - Underwriting Conflicts*) (la "Norme 33-105"). L'émetteur n'est pas un "émetteur relié" à RBC selon la définition de l'expression "*related issuer*" dans la Norme 33-105.
10. Conformément à une convention (la "convention de prise ferme") devant intervenir entre l'émetteur, d'une part, et RBC, Marchés Mondiaux CIBC Inc. ("CIBC MM"), Financière Banque Nationale Inc. ("Nationale") et Scotia Capitaux Inc. ("Scotia") (collectivement, les "preneurs fermes"), d'autre part, les preneurs fermes achèteront les actions ordinaires en vertu du prospectus aux conditions décrites dans celui-ci.
11. L'émetteur n'est pas un "émetteur associé" ni un "émetteur relié" à CIBC MM aux fins du placement.
12. Aux termes de la convention de prise ferme, la quote-part du placement qui sera prise ferme par CIBC MM sera au moins 20% de la valeur du placement. CIBC MM participe et continuera à participer à l'organisation du placement et à l'établissement du prix des titres placés, ainsi qu'aux activités de vérification diligente des preneurs fermes se rapportant au placement.
13. L'attestation contenue dans le prospectus provisoire et le prospectus provisoire amendé a été signée par chacun des preneurs fermes, et l'attestation contenue dans le prospectus final sera signée par chacun d'eux.
14. RBC ne recevra aucun avantage tiré du placement autre que le paiement de sa rémunération y afférente.
15. Les preneurs fermes sont, et seront, au moment de l'obtention du visa définitif du prospectus, inscrits à titre de courtiers dans la catégorie "courtier en valeurs" dans toutes les provinces et tous les territoires.
16. Le prospectus provisoire et le prospectus provisoire amendé divulguent, et le prospectus final divulguera, la nature de la relation entre l'émetteur, RBC et la banque et l'existence du placement privé, de l'investissement de coentreprise et des bons de souscription.
17. Bien que la banque soit propriétaire d'environ 2% des actions ordinaires de l'émetteur et deviendra probablement propriétaire d'environ 4,9% des actions ordinaires de l'émetteur suite à l'exercice des bons de souscription, la banque et RBC ne constituent pas des "actionnaires influents" selon la définition de l'expression "*influential security holders*" dans la Norme 33-105.
18. La banque n'a participé ni à la décision d'effectuer le placement, ni à la détermination des conditions de celui-ci ou de l'emploi du produit qui en sera tiré. Cette décision a été prise suite aux négociations entre les preneurs fermes et l'émetteur.
19. L'émetteur n'est pas en difficulté financière, n'est pas dans l'obligation financière immédiate d'effectuer le placement et n'est en défaut à l'égard d'aucune de ses obligations.

**ATTENDU QUE** selon le régime, le présent document de décision du REC confirme la décision de chaque décideur (collectivement, la "décision");

**ET ATTENDU QUE** chacun des décideurs est d'avis que le test prévu dans la législation qui accorde le pouvoir discrétionnaire au décideur de rendre la décision a été respecté;

La décision des décideurs en vertu de la législation est que l'exigence relative au preneur ferme indépendant ne s'appliquera pas à RBC dans le cadre du placement, pourvu que:

- a) CIBC MM souscrit à au moins 20 % du placement;
- b) CIBC MM participe à la vérification diligente, à la rédaction du prospectus et à l'établissement du prix relativement au placement et que l'étendue

de sa participation soit entièrement décrite dans le prospectus;

- c) CIBC MM signe l'attestation des preneurs fermes contenue dans le prospectus;
- d) Pour la durée du présent placement, l'émetteur n'est pas un "émetteur relié" à RBC ni une "partie désignée" telle que définie dans la Norme 33-105; et
- e) Le prospectus contient toutes les informations précisées à l'annexe C de la Norme 33-105.

DATÉ à Montréal, le 21 septembre 2000.

M<sup>e</sup> Jean Lorrain

## 2.1.12 Smurfit-Stone Container Canada Inc. - 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, QUÉBEC, NOVA SCOTIA AND  
NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF  
SMURFIT-STONE CONTAINER CANADA INC.

### MRRS DECISION DOCUMENT

**WHEREAS** the local securities regulatory authority or regulator (the "**Decision Makers**") in each of British Columbia, Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland (the "**Jurisdictions**") has received an application from Smurfit-Stone Container Canada Inc. ("**SSCC Canada**") for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that SSCC Canada be deemed to have ceased to be a reporting issuer or equivalent thereof under the Legislation;

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

**AND WHEREAS** SSCC Canada has represented to the Decision Makers that:

1. SSCC Canada is a reporting issuer, or the equivalent thereof, under the Legislation.
2. SSCC Canada's head office is located in Montreal, Québec.
3. Prior to May 31, 2000, St. Laurent Paperboard Inc. ("**St. Laurent**") was a corporation existing under the laws of Canada and a reporting issuer, or the equivalent thereof, under the Legislation. St. Laurent's authorized capital consisted in an unlimited number of Common Shares and Class A Preferred Shares. As of May 31, 2000, there were 50,024,308 Common Shares

of St. Laurent issued and outstanding and no Class A Preferred Shares were issued and outstanding.

4. A statutory arrangement between St. Laurent and Smurfit-Stone Container Corporation ("**SSCC**") was completed on May 31, 2000 pursuant to which SSCC, through one of its indirect wholly-owned subsidiaries, acquired all of the issued and outstanding Common Shares of St. Laurent, St. Laurent therefore becoming an indirect wholly-owned subsidiary of SSCC.
5. On May 31, 2000 and June 1, 2000, St. Laurent was amalgamated through a series of amalgamations involving other subsidiaries of SSCC. The corporation resulting from these amalgamations is SSCC Canada, which is an indirect wholly-owned subsidiary of SSCC.
6. SSCC Canada's authorized capital consists of an unlimited number of Class A, Class B, Class C, Class D, and Class E Shares. As of July 5, 2000, there were 100 Class A Shares and 83,234 Class C Shares of SSCC Canada issued and outstanding.
7. Stone Container Corporation, a direct wholly-owned subsidiary of SSCC, is the holder of 100 Class A Shares of SSCC Canada. Stone Container Finance Company of Canada, a direct wholly-owned subsidiary of Stone Container Corporation, is the holder of 83,234 Class C shares of SSCC Canada.
8. SSCC Canada does not have any securities issued and outstanding other than Class A Shares and Class C Shares.
9. SSCC Canada has fewer than fifteen (15) security holders.
10. SSCC Canada no longer has any of its securities listed on any exchange in Canada and does not intend to seek public financing by way of an issue of securities. The delisting application of St. Laurent Common Shares has been completed.
11. SSCC Canada is a private company, or the equivalent thereof, within the meaning of the Legislation.
12. SSCC Canada is not in default of any of its obligations under the Legislation.

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

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

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

**DATED** at Montréal, Québec, this 21 day of August, 2000.

Le chef du service de l'information financière,  
(s) *Michel Vadnais*



**AFFAIRE INTÉRESSANT  
LA LÉGISLATION EN VALEURS MOBILIÈRES  
DE LA COLOMBIE-BRITANNIQUE, DE L'ALBERTA,  
DE LA SASKATCHEWAN, DE L'ONTARIO, DU QUÉBEC,  
DE LA NOUVELLE-ÉCOSSE ET DE TERRE-NEUVE**

**ET**

**LE RÉGIME D'EXAMEN CONCERTÉ DES DEMANDES DE  
DISPENSE**

**ET**

**EMBALLAGES SMURFIT-STONE CANADA INC.**

**DOCUMENT DE DÉCISION DU REC**

**CONSIDÉRANT QUE** l'autorité locale en valeurs mobilières ou l'agent responsable (le «décideur») respectif de la Colombie-Britannique, de l'Alberta, de la Saskatchewan, de l'Ontario, du Québec, de la Nouvelle-Écosse et de Terre-Neuve (les «territoires») a reçu une demande de Emballages Smurfit-Stone Canada Inc. (SSCC *Canada*) pour une décision, en vertu de la législation en valeurs mobilières des territoires (la «législation»), selon laquelle SSCC Canada soit réputée avoir cessé d'être un émetteur assujéti ou l'équivalent en vertu de la législation;

**CONSIDÉRANT QUE**, selon le Régime d'examen concerté des demandes de dispense (le «régime»), la Commission des valeurs mobilières du Québec est l'autorité principale pour la présente demande;

**CONSIDÉRANT QUE**, SSCC Canada a déclaré aux décideurs ce qui suit:

1. SSCC Canada est un émetteur assujéti, ou l'équivalent en vertu de la législation.
2. Le siège social de SSCC Canada est situé à Montréal, dans la Province de Québec.
3. Avant le 31 mai 2000, Cartons St. Laurent Inc. («St. Laurent») était une société régie par les lois du Canada et était un émetteur assujéti ou l'équivalent en vertu de la législation. Le capital autorisé de St. Laurent consistait en un nombre illimité d'actions ordinaires et d'actions privilégiées de catégorie A. En date du 31 mai 2000, il y avait 50 024 308 actions ordinaires de St. Laurent émises et en circulation et aucune action privilégiée de catégorie A n'était émise et en circulation.
4. Un arrangement statutaire intervenu entre St. Laurent et Smurfit-Stone Container Corporation (SSCC) fut complété en date du 31 mai 2000. Selon les termes de cet arrangement, SSCC, par l'entremise d'une de ses filiales en propriété exclusive indirecte, a acquis la totalité des actions ordinaires émises et en circulation de St. Laurent, celle-ci devenant ainsi une filiale en propriété exclusive indirecte de SSCC.
5. Le 31 mai 2000 et le 1er juin 2000, une série de fusions impliquant St. Laurent et d'autres filiales de SSCC fut

réalisée. La société résultant de ces fusions est SSCC Canada, laquelle est une filiale en propriété exclusive indirecte de SSCC.

6. Le capital autorisé de SSCC Canada consiste en un nombre illimité d'actions de catégories A, B, C, D et E. En date du 5 juillet 2000, il y avait 100 actions de catégorie A et 83 234 actions de catégorie C de SSCC Canada émises et en circulation.
7. Stone Container Corporation, une filiale en propriété exclusive directe de SSCC, est le porteur des 100 actions de catégorie A de SSCC Canada. Stone Container Finance Company of Canada, une filiale en propriété exclusive directe de Stone Container Corporation, est le porteur des 83 234 actions de catégorie C de SSCC Canada.
8. SSCC Canada n'a pas de d'autres titres émis et en circulation autres que les actions de catégorie A et les actions de catégorie C.
9. SSCC Canada compte moins de quinze (15) porteurs de titres.
10. SSCC Canada n'a plus aucun titre inscrit à une bourse au Canada et n'a pas l'intention de faire appel public à l'épargne au moyen d'une émission de titres. La procédure pour retirer l'inscription à la cote des actions ordinaires de St. Laurent a été complétée.
11. SSCC Canada est une société fermée, ou l'équivalent, au sens de la législation.
12. SSCC Canada n'est pas en défaut de ses obligations en vertu de la législation.

**CONSIDÉRANT QUE**, selon le régime, le présent document de décision confirme la décision de chaque décideur (collectivement, la «*décision*»);

**ET CONSIDÉRANT QUE** chacun des décideurs est d'avis que les critères prévus dans la législation qui lui accordent le pouvoir discrétionnaire ont été respectés;

**LA DÉCISION** des décideurs en vertu de la législation est que SSCC Canada soit réputée avoir cessé d'être un émetteur assujéti ou l'équivalent en vertu de la législation.

**FAIT** à Montréal (Québec), le 21 août 2000.

Le chef du service de l'information financière,  
(s) Michel Vadnais

## 2.1.13 Solar Trust / Fiducie Solar and TD Securities Inc. - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Waiver granted pursuant to section 4.5 of National Policy Statement No. 47 to enable issuer to participate in the POP System and the Shelf System (as contemplated in National Policy Statement No. 44 to distribute asset-backed securities.

Issuer is a connected and related issuer of lead underwriter-independent underwriter will underwrite at least 20% of the offering - lead underwriter exempt from the independent underwriter requirement, subject to certain conditions.

### Ontario Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 224(1)(b) and 233.

### Policies Cited

National Policy Statement No. 47 - Prompt Offering Qualification System.

National Policy Statement No. 44 - Rules for Shelf Prospectus Offerings and for Pricing Offerings After the Final Prospectus is Received.

Proposed National Instrument 44-101- Short Form Prospectus Distributions (1999), 22 OSCB (POP Supp 2).

Proposed National Instrument 44-102 - Shelf Distribution (1998), 21 OSCB 6206.

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ONTARIO, BRITISH COLUMBIA, ALBERTA,  
MANITOBA, SASKATCHEWAN, QUÉBEC,  
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  
SOLAR TRUST / FIDUCIE SOLAR

AND

IN THE MATTER OF  
TD SECURITIES INC.

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland (the "Jurisdictions") has received an application from Solar Trust/Fiducie Solar (the "Issuer") and TD Securities Inc. ("TDSI") (the Issuer and TDSI are collectively referred to herein as the "Filers") for a decision pursuant to the securities legislation and policies of the Jurisdictions (collectively, the "Legislation") that:

- (a) pursuant to section 4.5 of Canadian Securities Administrators' National Policy Statement No. 47 ("NP 47") and the applicable securities legislation of Québec, including but not limited to, those set forth in Title II and Title III of the *Securities Act and Regulation (Québec)*, the Issuer is permitted to participate in the Prompt Offering Qualification System (the "POP System") solely for the purpose of distributing Asset Backed Securities (as defined below) with an Approved Rating (as defined in NP 47) from time to time; and
- (b) the restrictions contained in the Legislation concerning registrants acting as underwriters in connection with the distribution of securities of related or connected issuers will not apply to TDSI in respect of the proposed distributions of Asset-Backed Securities of the Issuer;

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 the Filers have represented to the Decision Makers that:

1. the Issuer is a private, special purpose trust which was organized pursuant to a declaration of trust under the laws of Ontario dated July 5, 2000; the Issuer's trustee is CIBC Mellon Trust Company; the only security holders of the Issuer will be the holders of its Asset-Backed Securities;
2. TDSI is a corporation incorporated under the *Business Corporations Act* (Ontario) and is a wholly owned subsidiary of The Toronto-Dominion Bank ("TD");
3. TDSI is not a reporting issuer in any Jurisdiction;
4. TDSI is registered as a dealer in the categories of "broker" and "investment dealer" and is a member of the Investment Dealers Association of Canada;
5. the Issuer proposes to offer under the POP System or the shelf system (the "Shelf System"), as contemplated in National Policy Statement No. 44 ("NP 44") and the applicable securities legislation in Québec, including but not limited to, those set forth in Title II and Title III of the *Securities Act and Regulation (Québec)*, from time to time (the "Offerings"), securities that are primarily serviced by the cash flows of discrete pools of mortgage loan receivables or other financial assets,

- either fixed or revolving, that by their terms convert into cash within a finite time period, and any rights or other assets designed to assure the servicing or timely distribution of proceeds to security holders ("Asset-Backed Securities"), including commercial mortgage – backed pass-through certificates issuable in series and classes ("Pass-Through Certificates"), with an Approved Rating by an Approved Rating Organization under the POP System or Shelf System, from time to time to the public in Canada (the "Offerings"), to finance the purchase by the Issuer from Commercial Mortgage Origination Company of Canada Inc. ("CMO"), Commercial Mortgage Origination Trust ("CMOT"), The Toronto-Dominion Bank ("TD"), Canada Trustco Mortgage Company ("CTMC") and from other originators of discrete pools of mortgage loan receivables or other financial assets ("Securitized Assets") or ownership interests in pools of Securitized Assets (CMO, CMOT, TD, CTMC and such other originators are collectively referred to herein as the "Sellers"); each Asset-Backed Security of a particular series and class will represent the right to receive payment of principal and interest thereon to be funded from a particular pool of Securitized Assets;
6. the Issuer currently has no assets or liabilities and does not carry on any activities;
  7. as a special purpose trust, the Issuer will not carry on any activities other than purchasing the Securitized Assets and issuing Asset-Backed Securities, including Pass-Through Certificates;
  8. each Asset-Backed Security of a particular series and class will
    - (a) represent an undivided co-ownership interest in a pool of Securitized Assets, or
    - (b) be secured by a charge over the Issuer's ownership interest in a pool of Securitized Assets;
  9. the proceeds of each proposed Offering will be used by the Issuer to pay the applicable Sellers for the purchase of pools of Securitized Assets or ownership interests therein;
  10. the Issuer would not be eligible to participate in the POP System or the Shelf System without this decision because it does not satisfy the reporting issuer eligibility criteria and public float eligibility criteria set forth in NP 47;
  11. in connection with each proposed Offering by the Issuer
    - (a) the Issuer will have a current annual information form ("AIF"),
    - (b) the Asset-Backed Securities to be distributed
      - (i) will have received an Approved Rating on a provisional basis,
      - (ii) will not have been the subject of an announcement by an Approved Rating Organization (as defined in NP 47) of which the Issuer is or ought reasonably to be aware that the Approved Rating given by the Approved Rating Organization may be down-graded to a rating category that would not be an Approved Rating, and
      - (ii) will not have received a provisional or final rating lower than an Approved Rating from any Approved Rating Organization, and
  12. each AIF of the Issuer will be prepared in accordance with Appendix A of NP 47, with the following additional information
    - (a) the disclosure in AIFs filed by the Issuer shall reflect the special nature of its business; and
    - (b) if the Issuer has Asset-Backed Securities outstanding, the AIF will disclose on a pool by pool basis
      - (i) a description of any events, covenants, standards or preconditions that are dependant or based on the economic performance of the underlying pool of financial assets and that may impact on the timing or amount of payments or distributions to be made under the Asset-Backed Securities,
      - (ii) for the past two completed financial years of the Issuer or such lesser period commencing on the first date on which the Issuer had Asset-Backed Securities outstanding, information on the underlying pool of financial assets relating to
        - (A) the composition of the pool as of the end of the financial year or partial period,
        - (B) income and losses from the pool on at least a quarterly basis,
        - (C) the payment, prepayment and collection experience of the pool on a quarterly basis, and
        - (D) any significant variances experienced in the matters referred to in subclauses (A), (B) and (C),
    - (c) if the Issuer files a preliminary Short Form Prospectus (as defined below) more than 90 days after the end of its most recently completed financial year, the Issuer will have filed financial statements for that year;

- (iii) if any of the information disclosed under clause (ii) of this paragraph 12 has been audited, the existence and results of the audit,
  - (iv) the investment parameters applicable to investments of any cash flow surpluses,
  - (v) the amount of payments made in respect of principal and interest or capital and yield, each stated separately, on Asset-Backed Securities of the Issuer outstanding during the most recently completed financial year or a lesser period commencing on the first day on which the Issuer had Asset-Backed Securities outstanding,
  - (vi) the occurrence of any events that have led or with the passage of time could lead to the accelerated payment of principal or capital of Asset-Backed Securities, and
  - (vii) the identity of any principal obligors for the outstanding Asset-Backed Securities of the Issuer at the end of the most recent financial year or interim period, the percentage of the underlying pool of financial assets represented by obligations of each principal obligor and whether the principal obligor, if any, has filed an AIF in any jurisdiction or a Form 10-K or Form 20-F in the United States;
13. the preliminary short form prospectus ("preliminary Short Form Prospectus"), the preliminary short form base shelf prospectus ("preliminary Shelf Prospectus"), the final short form prospectus ("final Short Form Prospectus") and the final short form base shelf prospectus ("final Shelf Prospectus") of the Issuer will be prepared in accordance with Appendix B of NP 47 and Schedule IV to the regulation made under the *Securities Act (Québec)*, with such amendments in connection with the Shelf System as are specified in subsection 2.3(b), Section 3 and Appendix B of NP 44 and Section III.1 of Division III of Chapter 1 of Title II to the regulation under the *Securities Act (Québec)*, and with the following additional information
- (a) the disclosure in a preliminary Shelf or Short Form Prospectus and a final Shelf or Short Form Prospectus filed by the Issuer shall reflect the special nature of its business,
  - (b) a preliminary Shelf or Short Form Prospectus and a final Shelf or Short Form Prospectus filed by the Issuer will describe or set out
    - (i) the material attributes and characteristics of the Asset-Backed Securities to be offered, including details on
      - (A) the rate of interest or stipulated yield and any premium,
- (B) the date for repayment of principal or return of capital and any circumstances in which payments of principal or capital may be made before such date, including any redemption or pre-payment obligations or privileges of the Issuer and any events that may trigger early liquidation or amortization of the underlying pool of financial assets,
  - (C) provisions for the accumulation of cash flows to provide for the repayment of principal or return of capital,
  - (D) provisions permitting or restricting the issuance of additional securities and any other material negative covenants applicable to the Issuer,
  - (E) the nature, order and priority of the entitlements of holders of Asset-Backed Securities and any other entitled persons or companies to receive cash flows generated from the underlying pool of financial assets, and
  - (F) any events, covenants, standards or preconditions that are dependant or based on the economic performance of the underlying pool of financial assets and that may impact on the timing or amount of payments or distributions to be made under the Asset-Backed Securities,
- (ii) information on the underlying pool of financial assets for the period from the date as at which the following information was presented in the Issuer's current AIF to a date not more than 90 days before the date of the issuance of a receipt for the preliminary Shelf or Short Form Prospectus, as the case may be, relating to
    - (A) the composition of the pool as of the end of the period,
    - (B) income and losses from the pool for the period, on at least a quarterly basis, and
    - (C) the payment, prepayment and collection experience of the pool for the period, on at least a quarterly basis,
  - (iii) the type or types of the financial assets, the manner in which the financial assets

- originated or will originate and, if applicable, the mechanism and terms of the agreement governing the transfer of the financial assets comprising the underlying pool to or through the Issuer, including the consideration paid for the financial assets,
- (iv) any person or company (including its general business activities and its material responsibilities under the Asset-Backed Securities) who
- (A) originates, sells or deposits a material portion of the financial assets comprising the pool, or has agreed to do so,
- (B) acts, or has agreed to act, as a trustee, custodian, bailee or agent of the Issuer or any holder of the Asset-Backed Securities, or in a similar capacity,
- (C) administers or services a material portion of the financial assets comprising the pool or provides administrative or managerial services to the Issuer, or has agreed to do so, on a conditional basis or otherwise, if (1) finding a replacement provider of the services at a cost comparable to the cost of the current provider is not reasonably likely, (2) a replacement provider of the services is likely to achieve materially worse results than the current provider, (3) the current provider of the services is likely to default in its service obligations because of its current financial condition, or (4) the disclosure is otherwise material,
- (D) provides a guarantee, alternative credit support or other credit enhancement to support the obligations of the Issuer under the Asset-Backed Securities or the performance of some or all of the financial assets in the pool, or has agreed to do so, or
- (E) lends to the Issuer in order to facilitate the timely payment or repayment of amounts payable under the Asset-Backed Securities, or has agreed to do so,
- (v) the terms of any material relationships between (A) the persons or companies referred to in subparagraph (iv) of this paragraph 13 and any of their respective affiliates, and (B) the Issuer and any of its affiliates,
- (vi) any provisions relating to termination of services or responsibilities of any of the persons or companies referred to in subparagraph (iv) of this paragraph 13 and the terms on which a replacement may be appointed, and
- (vii) any risk factors associated with the Asset-Backed Securities, including disclosure of material risks associated with changes in interest rates or prepayment levels, and any circumstances where payments on the Asset-Backed Securities could be impaired or disrupted as a result of any reasonably foreseeable event that may delay, divert or disrupt the cash flows dedicated to service the Asset-Backed Securities,
- provided that if any of the foregoing information will be disclosed in a final Prospectus Supplement (as defined below), it may be omitted from the corresponding Shelf Prospectus,
- (c) the final Shelf Prospectus will contain a statement that the Issuer undertakes that it will not distribute Asset-Based Securities of a type that at the time of distribution have not previously been distributed by prospectus in the Jurisdiction ("Novel Asset-Backed Securities") without pre-clearing with the Decision Makers the disclosure to be contained in any Prospectus Supplement pertaining to the distribution of such Novel Asset-Based Securities, and
- (d) the preliminary Shelf or Short Form Prospectus, as the case may be, and final Shelf or Short Form Prospectus, as the case may be, will disclose any factors or considerations identified by the Approved Rating Organization as giving rise to unusual risks associated with the securities to be distributed;
14. Shelf Prospectus supplements (each a "Prospectus Supplement") will be prepared in accordance with subsection 3.4(a) of NP 44, and will include all of the shelf information pertaining to the distribution of Asset-Backed Securities which was omitted from the final Shelf Prospectus;
15. TDSI proposes to act as the underwriter for 50 to 80 percent of the dollar value of the distribution for each proposed Offering of Asset-Backed Securities by the Issuer;
16. the only financial benefits which TDSI will receive as a result of each proposed Offering are

- (a) normal arm's length underwriting commission and reimbursement of expenses associated with a public offering in Canada, and
- (b) nominal fees in its capacity as sub-administrative agent for the Issuer pursuant to a sub-administration agreement to be entered into between TDSI and TD;
17. TD is taking the initiative in organizing the business of the Issuer in connection with the proposed Offerings and as such TD may be considered to be a "promoter" of the Issuer within the meaning of securities legislation of certain Jurisdictions;
18. TD entered into an administrative services agreement dated July 5, 2000 with the Issuer under which TD has agreed to provide all administrative services relating to the operation of the Issuer, for which TD will receive a nominal administrative fee;
19. the Issuer's costs and expenses related to the issuance of the Pass-Thorough Certificates as well as its ongoing operating expenses will be funded either
- (a) through a fee which will be payable from the collections on the pools of Securitized Assets, or
- (b) by TD;
20. the Issuer may be considered to be a related issuer and connected issuer (as defined in the Legislation) of TDSI for the purposes of the proposed Offerings because
- (a) TDSI is a subsidiary of TD,
- (b) TD is a promoter of the Issuer,
- (c) TD will administer the on-going operations of the Issuer pursuant to an administrative services agreement, and
- (d) TDSI will administer the on-going operations of the Issuer pursuant to a sub-administration agreement;
21. in connection with the proposed distribution by TDSI of Asset-Backed Securities of the Issuer for each proposed Offering
- (a) each preliminary Shelf or Short Form Prospectus, final Shelf or Short Form Prospectus and Prospectus Supplement of the Issuer shall contain the following information,
- (i) on the front page of each such document,
- (A) a statement, naming TDSI, in bold type which states that the Issuer is a related and connected issuer of TDSI in connection with the distribution,
- (B) a summary, naming TDSI, stating that the Issuer is a related and connected issuer of TDSI based on, among other things, the common links between the Issuer, TDSI and TD, and
- (C) a cross-reference to the applicable section in the body of the document where further information concerning the relationship between the Issuer and TDSI is provided, and
- (ii) in the body of each such document,
- (A) a statement, naming TDSI, that the Issuer is a related and connected issuer of TDSI in connection with the distribution,
- (B) the basis on which the Issuer is a related and connected issuer to TDSI, including details of the common links between TD, TDSI and the Issuer, and other aspects of the relationship between TDSI and the Issuer,
- (C) disclosure regarding the involvement of TDSI and of TD in the decision to distribute the Asset-Backed Securities being offered and the determination of the terms of the distribution, and
- (D) details of the financial benefits which TDSI will receive from the proposed Offerings,
- (b) an independent underwriter shall underwrite no less than 20 percent of the dollar value of the distribution for an Offering, participate in the structuring and pricing of the distribution of such Offering and in the due diligence activities performed by the underwriters for the distribution, and sign the prospectus certificate required by the Legislation, and
- (c) each such document shall identify the independent underwriter and disclose the role of the independent underwriter in the structuring and pricing of the distribution of the applicable Offering and in the due diligence activities performed by the underwriters for the distribution.

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

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

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the requirements contained in the Legislation shall be waived solely to permit the Issuer to participate in the POP System to distribute Asset-Backed Securities with an Approved Rating from time to time, provided that:

- A. the Issuer complies with paragraphs 11, 12, 13 and 14 hereof;
- B. except as otherwise provided herein, the Issuer complies with all of the filing requirements and procedures set out in the Legislation governing the POP System and the Shelf System;
- C. the Issuer files an undertaking before or concurrently with its preliminary Shelf Prospectus, if utilized, which states that:
  - (a) the Issuer will not distribute under the final Shelf Prospectus Novel Asset-Backed Securities without pre-clearing the disclosure pertaining to the distribution of such Novel Asset-Backed Securities in any Prospectus Supplement with the applicable Decision Makers; and
  - (b) the Issuer will not distribute such Novel Asset-Backed Securities unless:
    - (i) the draft Prospectus Supplements pertaining to the distribution of such Novel Asset-Backed Securities have been delivered to the Decision Makers in substantially final form; and
    - (ii) either:
      - (A) the Decision Makers have confirmed their acceptance of each draft Prospectus Supplement in substantially final form or in final form; or
      - (B) 21 days has elapsed since the date of delivery of each draft Prospectus Supplement in substantially final form to the Decision Makers and the Decision Makers have not provided written comments on the draft Prospectus Supplement;
- D. the Issuer files with each preliminary Short Form or Shelf Prospectus a qualification certificate executed on behalf of the Issuer by an officer of its administrative agent, certifying that the Issuer satisfies the eligibility criteria set out in paragraph 11 hereof, and which makes reference to this Decision; and
- E. this Decision will automatically expire upon the latter of proposed National Instrument 44-101 and proposed National Instrument 44-102 coming into force and being adopted as a rule in each of the Jurisdictions.

**DATED** at Toronto, this 1st day of September, 2000.

"Iva Vranic"

**THE FURTHER DECISION** of the Decision Makers pursuant to the Legislation is that the restrictions contained in the Legislation concerning registrants acting as underwriters in connection with the distribution of securities of related or connected issuers will not apply to TDSI in respect of the proposed Offerings provided that the such Offerings are completed in compliance with the requirements contained in paragraph 21 herein.

September 1<sup>st</sup>, 2000.

"J. A. Geller"

"J. F. Howard"

**2.1.14 Sonic Foundry, Inc., Sonic Foundry (Nova Scotia), Inc., International Image Services, Inc. and Magnetiscope Inc. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Registration and prospectus relief granted for trades made in connection with a cross-border acquisition of non-reporting Canadian issuers by non-reporting U.S. issuer employing exchangeable share structure, subject to certain conditions including first trade restrictions on the common shares of U.S. issuer underlying exchangeable shares.

**Applicable Ontario Statutes**

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

**Applicable Ontario Rules**

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 LEGISLATION OF  
BRITISH COLUMBIA AND ONTARIO**

**AND**

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

**AND**

**IN THE MATTER OF  
SONIC FOUNDRY, INC., SONIC FOUNDRY (NOVA  
SCOTIA), INC.,  
INTERNATIONAL IMAGE SERVICES, INC. AND  
MAGNETISCOPE INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia and Ontario (the "Jurisdictions") has received an application from Sonic Foundry, Inc. ("Sonic Foundry"), Sonic Foundry (Nova Scotia), Inc. (the "Buyer"), International Image Services, Inc. ("International Image") and Magnetiscope Inc. ("Magnetiscope") (collectively, the "Applicants") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that certain trades in securities made in connection with or resulting from the acquisition (the "Acquisition") by Sonic Foundry and the Buyer of all of the common shares of International Image and Magnetiscope are exempt from the registration and prospectus requirements of the Legislation (the "Registration and Prospectus Requirements");

**AND WHEREAS** pursuant to the mutual reliance review system for exemptive relief applications (the "System") the Ontario Securities Commission is the principal regulator for this application;

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

1. Sonic Foundry is existing under the laws of the State of Maryland under articles of incorporation, dated August 1, 1996. The executive offices of Sonic Foundry are located at 1617 Sherman Avenue, Madison, Wisconsin. Sonic Foundry is a leading provider of software products and services that enable its customers to create and edit digital, audio and video content.
2. The authorized share capital of Sonic Foundry consists of 100,000,000 shares of common stock, U.S.\$0.01 par value per share, 10 million shares of Series B 5% cumulative convertible preferred stock (the "Series B Preferred Stock"), U.S.\$0.01 par value per share, and 5 million shares of unclassified preferred stock, U.S.\$0.01 par value per share, of which at the close of business on May 31, 2000, there were issued and outstanding 21,751,036 SOFO Common Shares and no shares of Series B preferred stock or other preferred stock. The SOFO Common Shares are fully participating voting shares and are quoted on the NASDAQ National Market.
3. Sonic Foundry is subject to the requirements of the *United States Securities Act of 1934*, as amended. Sonic Foundry is not a reporting issuer under the Legislation or under any other securities legislation in Canada and has no present intention of becoming a reporting issuer under the Legislation following the completion of the Acquisition.
4. The Buyer is a corporation that will be incorporated under the laws of the Nova Scotia prior to the closing of the Acquisition (the "Closing") as a "private issuer".
5. The authorized capital of the Buyer will consist of 10,000,000 common shares without par value and 10,000,000 non-voting exchangeable shares (the "Non-Voting Exchangeable Shares") without par value, of which 10 common shares will be initially issued to Sonic Foundry.
6. Each of International Image and Magnetiscope is a private corporation existing under the *Business Corporations Act* (Ontario) (the "OBCA") and is a "private issuer" as such term is defined in the Legislation. The Sellers (as defined below) own all of the common shares of International Image either directly or indirectly through their holdings in Magnetiscope. After the closing of the Acquisition, it is anticipated that International Image and Magnetiscope will be amalgamated pursuant to the OBCA.
7. International Image is one of North America's leading suppliers of technical services to the television program distribution market.



8. The Acquisition will be effected by a purchase by the Buyer from Charles Ferkranus, Michael Ferkranus, 1096159 Ontario Limited, 1402083 Ontario Limited, Dan McLellan ("McLellan"), Curtis Staples ("Staples") and collectively with the foregoing, referred to herein as the "Active Sellers" or the "Holders"), Bank of Montreal Capital Corp., RoyNat Inc. and DGC Entertainment Ventures Corp. (collectively, the "Non-Active Sellers" and with the Active Sellers also referred to as the "Sellers") of all of the issued and outstanding shares of Magnetiscope together with all of the issued and outstanding shares of International Image not owned by Magnetiscope for US\$24 million by:
- (a) the assumption and/or retirement of certain indebtedness of International Image and Magnetiscope in the approximate amount of US \$3,500,000;
  - (b) the delivery to the Sellers of promissory notes of the Buyer in the aggregate amount of US\$4 million, bearing interest at a rate of nine (9.00%) per cent per annum, due and payable on January 3, 2001 (the "Buyer Notes");
  - (c) delivery to certain of the Active Sellers of 412,336 Non-Voting Exchangeable Shares;
  - (d) delivery to McLellan and Staples of 72,765 options to acquire Non-Voting Exchangeable Shares (the "Buyer Non-Voting Exchangeable Share Options");
  - (e) delivery to the Non-Active Sellers and B. Andrus Wilson ("Wilson") of 114,900 SOFO Common Shares; and
  - (f) cash for the balance of the purchase price.
9. To effect the Acquisition, the Buyer will purchase: (I) all of the issued and outstanding shares of International Image not owned by Magnetiscope, being 1,909.09 common shares of International Image; and (II) all of the issued and outstanding shares of Magnetiscope, being 4,395,946 common shares and 2,000,000 Class A shares, pursuant to the terms of a share purchase agreement dated as of June 1, 2000 entered into between Sonic Foundry, the Buyer and the Sellers (the "Share Purchase Agreement"). In substance, the Acquisition is an exchange of all of the outstanding shares of International Image owned by the Sellers (directly or indirectly through Magnetiscope) for, among other things, common shares of Sonic Foundry, a U.S. public company. Instead of a straight share purchase, however, an exchangeable share structure, together with options, will be used to provide the Active Sellers who are resident in Ontario and British Columbia with the opportunity to defer the bulk of the capital gains tax that would otherwise apply if they received SOFO Common Shares directly as consideration at the time of the Closing.
10. The Non-Voting Exchangeable Shares will provide the Active Sellers with securities of a Canadian issuer (*i.e.*, the Buyer) having economic attributes that are, as nearly as practicable, equivalent to those of SOFO Common Shares, including the right to receive dividends equivalent to any dividends declared from time to time in respect of the SOFO Common Shares. By virtue of the application of subsection 85(1) of the *Income Tax Act* (Canada), it is anticipated that the Active Sellers other than McLellan and Staples will be entitled to receive the Non-Voting Exchangeable Shares on a tax-deferred rollover basis.
11. The Buyer and each of McLellan and Staples will enter into an option agreement (the "Buyer Non-Voting Exchangeable Share Option Agreement") which will provide McLellan and Staples with options to purchase Non-Voting Exchangeable Shares until the earlier of five (5) years from Closing and ninety (90) days of the termination of their employment with International Image or any other affiliate of Sonic Foundry. It is anticipated that McLellan and Staples will be entitled to receive the Buyer Non-Voting Exchangeable Options on a tax-deferred basis.
12. As part of the Closing, the Sellers will direct the Buyer to deliver 12,000 SOFO Common Shares to Wilson in partial satisfaction of certain fees that are due and owing to Wilson by the Sellers in connection with the Acquisition. The quantum of the consideration delivered by Wilson for the SOFO Common Shares directed to him was well in excess of CDN\$150,000.
13. In order to be able to effect first trades of the SOFO Common Shares, Sonic Foundry, Wilson and the Sellers will be entering into a stock registration rights agreement (the "Stock Registration Rights Agreement") which will set out the rights of the Sellers and Wilson to require Sonic Foundry to file and maintain a current registration statement under U.S. securities laws to permit them to resell the SOFO Common Shares they acquire or will acquire pursuant to the Share Purchase Agreement and the Share Exchange Agreement (as defined below) on the exchange of the Non-Voting Exchangeable Shares for SOFO Common Shares.
14. The Non-Voting Exchangeable Shares will be securities of the Buyer having economic attributes which are, as nearly as practicable, equivalent to those of SOFO Common Shares. The rights, privileges, restrictions and conditions attaching to the Non-Voting Exchangeable Shares (the "Exchangeable Share Provisions") will be set out in the memorandum and articles of association of the Buyer. The Non-Voting Exchangeable Shares will rank prior to the Common Shares of the Buyer and the shares of any other class ranking junior to the Non-Voting Exchangeable Shares with respect to the payment of dividends, and the distribution of assets in the event of a liquidation, dissolution, or a winding-up of the Buyer. Each Holder will be entitled to dividends from the Buyer payable on the Non-Voting Exchangeable Shares at the same time as, and in an amount equivalent to, the dividends that are paid by Sonic Foundry on the equivalent number of SOFO Common Shares for each Non-Voting Exchangeable Share held by such Holder on each date Sonic Foundry declares a dividend on the SOFO Common Shares.

15. Upon the liquidation, dissolution or winding-up of the Buyer, the Holders will be entitled to receive, for each Non-Voting Exchangeable Share, one SOFO Common Share plus the declared and unpaid dividends (the "Dividend Amount") on each Non-Voting Exchangeable Share (collectively, the "Liquidation Amount"). Notwithstanding the foregoing, upon any proposed liquidation, dissolution or winding-up of the Buyer, Sonic Foundry or an Affiliate will have an overriding call right (the "Liquidation Call Right") to purchase the Non-Voting Exchangeable Shares from the Holders for the Liquidation Amount.
16. The Non-Voting Exchangeable Shares will be non-voting other than in certain circumstances and will be retractable at the option of the Holders at any time, subject to compliance with applicable law. Upon retraction, the Holders will be entitled to receive from the Buyer for each retracted Non-Voting Exchangeable Share, one SOFO Common Share together with the Dividend Amount (collectively, the "Retraction Price"). Notwithstanding the foregoing, upon being notified by the Buyer of a proposed retraction by a Holder, Sonic Foundry or an Affiliate will have an overriding call right (the "Retraction/Redemption Call Right") to purchase from the Holder each retracted Non-Voting Exchangeable Share for the Retraction Price.
17. Subject to the exercise by Sonic Foundry or an Affiliate of the Retraction/Redemption Call Right, the Buyer shall redeem the outstanding Non-Voting Exchangeable Shares on the date that is five (5) years after Closing (the "Redemption Date"). Upon a redemption by the Buyer, the Holders will be entitled to receive from the Buyer for each Non-Voting Exchangeable Share redeemed, one SOFO Common Share together with the Dividend Amount (collectively, the "Redemption Price"). Notwithstanding the foregoing, Sonic Foundry or an Affiliate will have an overriding call right (the "Retraction/Redemption Call Right") to purchase the Non-Voting Exchangeable Shares from the Holders on the Redemption Date for the Redemption Price.
18. Non-Voting Exchangeable Shares will, at the option of the Buyer with the prior consent of the Holder of any such Shares, be convertible into common shares of the Buyer. The Non-Voting Exchangeable Shares shall not be transferable other than to the Buyer, Sonic Foundry or an affiliate of Sonic Foundry (an "Affiliate").
19. Pursuant to the terms of a share exchange agreement to be entered into among Sonic Foundry, the Buyer, McLellan, Staples and certain of the Sellers (the "Share Exchange Agreement"), upon the occurrence and during the continuation of an Insolvency Event (as defined in the Share Exchange Agreement) of the Buyer, each Holder will have the right (the "Exchange Right") to require Sonic Foundry to purchase all of the Non-Voting Exchangeable Shares held by such Holder for the Liquidation Amount.
20. Pursuant to the terms of the Share Exchange Agreement, the Non-Voting Exchangeable Shares will be automatically exchanged (the "Automatic Exchange Right") by Sonic Foundry for SOFO Common Shares in the event of a voluntary or involuntary liquidation, dissolution or winding-up of Sonic Foundry for the Liquidation Amount. The overriding call rights of Sonic Foundry or an Affiliate to exchange the Non-Voting Exchangeable Shares in the event of a liquidation, dissolution or winding-up of the Buyer or on the redemption or retraction of the Non-Voting Exchangeable Shares are set forth in the Share Exchange Agreement.
21. At Closing, Sonic Foundry and the Buyer will enter into a support agreement (the "Support Agreement") pursuant to which Sonic Foundry will not declare and pay dividends on the SOFO Common Shares unless the Buyer will declare or pay, as the case may be, equivalent dividends on the Non-Voting Exchangeable Shares. Pursuant to the terms of the Support Agreement, Sonic Foundry will ensure that the Buyer will be in a financial position to honour the redemption and retraction rights and dissolution entitlements that are attributes of the Non-Voting Exchangeable Shares and that Buyer will perform its obligations thereunder.
22. In the event of a subdivision, consolidation or other change in the capital of Sonic Foundry affecting the SOFO Common Shares, a distribution of SOFO Common Shares by way of stock dividends, options, rights or warrants, or any other distribution of securities, assets or indebtedness of SOFO or its affiliates to holders of SOFO Common Shares, the economic equivalent change shall be made to, or benefit conferred upon, the Holders of the Non-Voting Exchangeable Shares, including, with necessary modifications, upon McLellan and Staples.
23. The Support Agreement will also provide that in the event that a tender offer, share exchange offer, issuer bid, take-over bid or similar transaction with respect to the SOFO Common Shares (collectively, an "Offer") is to be effected with the consent or approval of the board of directors of Sonic Foundry, Sonic Foundry will expeditiously take all such actions and do all such things as they are necessary or desirable to enable a Holder of Non-Voting Exchangeable Shares to participate in such Offer on an economically equivalent basis with the Holders of SOFO Common Shares without discrimination. Sonic Foundry will use its best efforts to ensure that the Holders can participate in such Offer without being required to retract the Non-Voting Exchangeable Shares.
24. The Share Purchase Agreement provides that, other than DGC Ventures Entertainment Corp. and Wilson, each of the Sellers may not transfer or dispose of SOFO Common Shares acquired by them until twelve (12) months following Closing. Thereafter, in each succeeding three (3) months period, each such Seller will be permitted to transfer or dispose of an additional 20% of the SOFO Common Shares acquired by him. In addition, pursuant to the provisions of the Stock Registration Rights Agreement, Sonic Foundry will be required to file a shelf registration statement (the "Shelf Registration") in the U.S., to be effective within 150 days after the Closing, and such Shelf Registration will be maintained in effect for a period of not less than two

(2) years after the Closing. The Sellers and Wilson will be entitled to make a demand for registration of the SOFO Common Shares acquired by them if the Shelf Registration does not remain in effect. Such SOFO Common Shares may also be registered and sold as part of an underwritten offering of securities of Sonic Foundry. The Stock Registration Rights Agreement will also give the Sellers and Wilson the right to include their SOFO Common Shares in any registration statement filed by Sonic Foundry under certain circumstances (and subject to certain exceptions), including pursuant to an underwritten offering of securities of Sonic Foundry.

25. The Share Purchase Agreement, Share Exchange Agreement, the Exchangeable Share Provisions, the Support Agreement and the Stock Registration Rights Agreement (collectively, the "Acquisition Documents") contemplate trades in (i) securities of International Image and Magnetiscope, (ii) Non-Voting Exchangeable Shares, (iii) Non-Voting Exchangeable Options, (iv) SOFO Common Shares, and (v) various call and exchange rights to acquire Non-Voting Exchangeable Shares and SOFO Common Shares, as the case may be. Many of these trades constitute "distributions" within the meaning of the Legislation and, accordingly, are subject to the Registration and Prospectus Requirements. While many of the trades are exempt from the Registration and Prospectus Requirements, certain trades do not fall within prescribed registration or prospectus exemptions under the Legislation.

26. The trades and possible trades in securities to which the Acquisition will or may give rise to are as follows (collectively, the "Trades"):

- (a) the transfer by the Sellers of securities of International Image and Magnetiscope, as the case may be, to the Buyer;
- (b) the issuance by the Buyer to the Holders of Non-Voting Exchangeable Shares and Buyer Notes;
- (c) the issuance by the Buyer to McLellan and Staples of the Buyer Non-Voting Exchangeable Options and the issuance of Non-Voting Exchangeable Shares to each of them upon the exercise of the Buyer Non-Voting Exchangeable Options;
- (d) the issuance by Sonic Foundry through the Buyer of SOFO Common Shares to the Sellers and to Wilson;
- (e) the creation in favour of Sonic Foundry or an Affiliate of the Retraction/Redemption Call Right and the Liquidation Call Right;
- (f) the grant by Sonic Foundry to the Holders, pursuant to the Share Exchange Agreement, of the Exchange Right and the Automatic Exchange Right and of ancillary rights pursuant to the Support Agreement and Stock Registration Rights Agreement;

- (g) the issuance of SOFO Common Shares to the Holders by Sonic Foundry through the Buyer upon the retraction of the Non-Voting Exchangeable Shares by a Holder;
- (h) the issuance and transfer of SOFO Common Shares by Sonic Foundry directly or through an Affiliate to the Holders upon Sonic Foundry or an Affiliate exercising the Retraction/Redemption Call Right;
- (i) the issuance of SOFO Common Shares to the Holders by Sonic Foundry through the Buyer upon the redemption of Non-Voting Exchangeable Shares by the Buyer on the Redemption Date;
- (j) the issuance of SOFO Common Shares to the Holders by Sonic Foundry through the Buyer upon the liquidation, dissolution or winding-up of the Buyer;
- (k) the issuance and transfer of SOFO Common Shares to the Holders by Sonic Foundry directly or through an Affiliate upon Sonic Foundry or the Affiliate exercising the Liquidation Call Right;
- (l) the issuance and transfer of SOFO Common Shares to the Holders by Sonic Foundry directly or through an Affiliate upon the exercise of the Exchange Right by such Holders;
- (m) the issuance and transfer of SOFO Common Shares to the Holders by Sonic Foundry directly or through an Affiliate in the event of the voluntary or involuntary liquidation, dissolution or winding-up of Sonic Foundry pursuant to the Automatic Exchange Right;
- (n) the transfer of Non-Voting Exchangeable Shares to the Buyer by the Holders upon the retraction of Non-Voting Exchangeable Shares by the Holders;
- (o) the transfer of Non-Voting Exchangeable Shares to the Buyer by the Holders upon the redemption of the Non-Voting Exchangeable Shares by the Buyer on the Redemption Date;
- (p) the transfer of Non-Voting Exchangeable Shares to Sonic Foundry or an Affiliate by the Holders upon the exercise of the Retraction/Redemption Call Right by Sonic Foundry or an Affiliate;
- (q) the transfer of Non-Voting Exchangeable Shares to the Buyer by the Holders upon the liquidation, dissolution or winding-up of the Buyer;
- (r) the transfer of Non-Voting Exchangeable Shares to Sonic Foundry or an Affiliate by the Holders upon the exercise of the Liquidation Call Right by Sonic Foundry or an Affiliate;

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| (s) the transfer of Non-Voting Exchangeable Shares to Sonic Foundry or an Affiliate by the Holders upon the exercise of the Exchange Right;   | (c) otherwise an exempt trade under applicable securities laws. |
| (t) the transfer of Non-Voting Exchangeable Shares to Sonic Foundry or an Affiliate by the Holders pursuant to the Automatic Exchange Right;  | August 18 <sup>th</sup> , 2000.                                 |
| (u) the issuance of common shares of the Buyer to Sonic Foundry or an Affiliate upon the conversion of Non-Voting Exchangeable Shares acquired by them;   | "J. A. Geller" "Stephen N. Adams"                               |
| (v) the transfer of Non-Voting Exchangeable Shares by Sonic Foundry or an Affiliate upon the exercise of their right to convert the Non-Voting Exchangeable Shares into common shares of the Buyer: and |   |
| (w) the issuance of additional SOFO Common Shares to the Sellers and Wilson pursuant to the Stock Registration Rights Agreement.  |   |

27. Following completion of the Acquisition, the Sellers will hold directly, or indirectly through their holdings of Non-Voting Exchangeable Shares, pending their exchange into SOFO Common Shares, less than 10 per cent of the total issued and outstanding SOFO Common Shares in each of the Jurisdictions and will constitute less than 10 per cent of the total number of registered holders of SOFO Common Shares in each of the Jurisdictions. There is presently no market in Canada for the SOFO Common Shares and no such market is expected to develop.

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

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

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the Trades are not subject to the Registration and Prospectus Requirements of the Legislation provided that the first trade in any SOFO Common Shares acquired pursuant to the Decision shall be a distribution, unless such first trade is:

- (a) executed through the facilities of a stock exchange outside of Canada or on the NASDAQ National Market;
- (b) made as part of an underwritten offering of securities of Sonic Foundry in the United States in accordance with applicable laws; or

**2.1.15 Spectrum RRSP European Growth Fund et al. - MRRS Decision**

**Headnote**

Investment by RSP fund in securities of another mutual fund that is under common management for specified purpose exempted from the reporting requirements and self-dealing prohibitions of clauses 111(2)(a), 111(3) and clauses 117(a) and (d).

Investment by the RSP Fund in forward contracts issued by related counterparties or its affiliates exempted from the requirements of clause 111(2)(c) and 118(2)(a), subject of specified conditions.

**Status Cited**

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

**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  
SPECTRUM RRSP EUROPEAN GROWTH FUND  
SPECTRUM RRSP GLOBAL FINANCIAL SERVICES  
FUND  
SPECTRUM RRSP GLOBAL HEALTH SCIENCES FUND  
SPECTRUM RRSP WORLD GROWTH MANAGERS FUND  
(collectively, the "RSP Funds")**

**AND**

**SPECTRUM WORLD GROWTH MANAGERS FUND  
(the "Managers Fund")**

**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, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Spectrum Investment Management Limited ("SIM"), the RSP Funds and Managers Fund (collectively, the "Top Funds") and the Bottom Funds (defined below) for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

1. the restrictions contained in the Legislation 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 shall not apply in respect of certain investments to be made by the Top Funds in their corresponding Bottom Funds;
2. the requirements contained in the Legislation requiring a management company to file a report relating to a 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, shall not apply in respect of certain investments to be made by the Top Funds in their corresponding Bottom Funds; and
3. the requirements contained in the Legislation prohibiting the portfolio manager (or in the case of the *Securities Act* (British Columbia), the mutual fund or responsible person) from knowingly causing an investment portfolio managed by it (the mutual fund) to invest in the securities of an issuer in which a responsible person is an officer or director unless the specific fact is disclosed to the client, if applicable, and the written consent of the client to the investment is obtained before the purchase shall not apply in respect of certain investments to be made by the Top Funds in their applicable Bottom Funds.

The Legislation outlined above in paragraphs 1, 2 and 3 will be referred to in this Decision Document as the "Applicable Legislation";

**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** throughout this Decision Document, the term "Reference Fund(s)" shall mean Spectrum European Growth Fund when used in connection with Spectrum RRSP European Growth Fund, Spectrum Global Financial Services Fund when used in connection with Spectrum RRSP Global Financial Services Fund, and Spectrum Global Health Sciences Fund when used in connection with Spectrum RRSP Global Health Sciences Fund;

**AND WHEREAS** throughout this Decision Document, the term "Underlying Funds" shall mean Spectrum American Growth Fund, Spectrum European Growth Fund, Spectrum Global Growth Fund, Spectrum Asian Dynasty Fund, Spectrum Emerging Market Fund, Spectrum Global Financial Services Fund, Spectrum Global Health Sciences Fund, Spectrum Global Telecommunications Fund and such other funds established by SIM as may be designated from time to time;

**AND WHEREAS** throughout this Decision Document, the Reference Funds and Underlying Funds are collectively referred to as the "Bottom Funds";

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

1. Each of the Top Funds and Bottom Funds is or will be an open-ended mutual fund trust established under the laws of the Province of Ontario. SIM is a corporation established under the laws of the Province of Ontario and for each of the Top Funds and Bottom Funds will be the manager and promoter. The head office of SIM is in Toronto, Ontario.
2. Certain officers and/or directors of SIM are also individual trustees and/or officers of the Bottom Funds.
3. The Top Funds and Bottom Funds are or will be reporting issuers. The securities of each of the Top Funds and Bottom Funds are or will be qualified under a simplified prospectus and annual information form (collectively, the "Prospectus") filed in all provinces and territories.
4. The Prospectus will disclose the investment objectives, investment strategies, risks and restrictions of the Top Funds and Bottom Funds.
5. Each of the RSP Funds seeks to achieve its investment objective while ensuring that securities of the RSP Fund do not constitute "foreign property" for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and similar plans ("Registered Plans").
6. To achieve its investment objective, each of the RSP Funds invests its assets in securities such that its units will, in the opinion of tax counsel to the RSP Funds, be "qualified investments" for Registered Plans and will not constitute foreign property in a Registered Plan. This will primarily be achieved through the implementation of a derivative strategy. However, the RSP Funds also intend to invest a portion of their assets in securities of the Reference Funds or, in the case of Spectrum RRSP World Growth Managers Fund (the "RSP Managers Fund"), in securities of the Underlying Funds. This investment by the RSP Funds will at all times be below the maximum foreign property limit prescribed for Registered Plans (the "Permitted Limit").
7. The investment objectives of the Reference Funds, Underlying Funds and the Managers Fund are achieved through investment primarily in foreign securities.
8. The direct investments by the RSP Funds in the Reference Funds or Underlying Funds, as the case may be, will be within the Permitted Limit (the "Permitted RSP Fund Investment"). SIM and the RSP Funds will comply with the conditions of this Decision in respect of such investments. The amount of direct investment by each RSP Fund, except the RSP Managers Fund, in its corresponding Reference Fund will be adjusted from time to time so that, except for transitional cash, the aggregate of derivative exposure to, and direct investment in, the Reference Fund will equal 100% of the assets of the RSP Fund. The amount of direct investment by the RSP Managers Fund in the Underlying Funds will be adjusted from time to time so that, except for transitional cash, the aggregate of derivative exposure to, and direct investment in, the Underlying Funds, will equal 100% of the assets of the RSP Managers Fund.
9. To achieve their investment objectives, the Managers Fund intends to invest directly in, and the RSP Managers Fund intends to obtain direct and indirect exposure to, the securities of the Underlying Funds at a disclosed weighting ("Target Weighting"), subject to a variation of 2.5% above or below such Target Weighting to account for market fluctuations. SIM, the Managers Fund and the RSP Managers Fund will comply with the conditions of this Decision in respect of such investments.
10. The Bottom Funds are not currently invested in other mutual funds. The Top Funds will not invest in any mutual fund whose investment objective includes investing in other mutual funds.
11. Except to the extent evidenced by this Decision and specific approvals granted by the Canadian securities administrators pursuant to National Instrument 81-102 Mutual Funds ("NI 81-102"), the investments by the Top Funds in the Bottom Funds have been structured to comply with the investment restrictions of the Legislation and NI 81-102.
12. In the absence of the Decision, pursuant to the Legislation, each of the Top Funds is prohibited from (a) knowingly making 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 (b) knowingly holding an investment referred to in subsection (a) hereof. As a result, in the absence of this Decision a Top Fund would be required to divest itself of any investments referred to in subsection (a) hereof.
13. In the absence of the Decision, the Legislation requires SIM to file a report on every purchase or sale of securities of the Bottom Funds by the Top Funds.
14. In the absence of the Decision, SIM is prohibited from causing the Top Funds to invest in the Bottom Funds, unless the fact that certain officers and/or directors of SIM are also individual trustees and/or officers of the Bottom Funds is disclosed to the Top Funds and, if applicable, the written consent of the Top Funds is obtained before the purchase of the Top Funds' securities.
15. The investment in, or redemption of, securities of the Bottom Funds by a Top Fund represents the business judgment of "responsible persons" (as defined in the Legislation) uninfluenced by considerations other than the best interests of the Top Fund.

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

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

The Decision of the Decision Makers pursuant to the Legislation is that the Applicable Legislation shall not apply so as to prevent the Top Funds from investing in, or redeeming the securities of, the Bottom Funds and such investments do not require further consent from or notice to securityholders of the Top Funds or the Decision Makers.

**PROVIDED IN EACH CASE THAT:**

1. this 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 NI 81-102; and
2. the foregoing Decision shall only apply in respect of investments in, or transactions with, the Bottom Funds that are made by the Top Funds in compliance with the following conditions:
  - (a) the Top Funds and the Bottom Funds are under common management and the Bottom Funds' securities are offered for sale in the jurisdiction of the Decision Maker pursuant to a prospectus which has been or will be filed with and accepted by the Decision Maker;
  - (b) each RSP Fund restricts its aggregate direct investment in its corresponding Reference Fund or Underlying Funds, as the case may be, to a percentage of its assets that is within the Permitted Limit;
  - (c) the Managers Fund restricts its direct investment in, and the RSP Managers Fund restricts its direct and indirect exposure to, the Underlying Funds to the Target Weightings, subject to a permitted variation of 2.5% above or below such Target Weightings to account for market fluctuations (the "Permitted Ranges");
  - (d) the Target Weightings which are disclosed in the Prospectus may not be changed unless the Prospectus is amended or a new prospectus is filed and the securityholders of the Managers Fund and the RSP Managers Fund have either been given at least 60 days notice of the change or the prior approval of securityholders has been given to the change at a meeting of securityholders of the Managers Fund or the RSP Managers Fund called for that purpose;
  - (e) if at any time the Managers Fund's direct investment in, or the RSP Managers Fund's direct and indirect exposure to, the Underlying Funds deviate from the Permitted Ranges, the necessary changes are made in the Managers Fund's or the RSP Managers Fund's investment portfolio as at the next valuation date in order to bring the Managers Fund's or the RSP Managers Fund's investment portfolio into conformity with the Target Weightings;
  - (f) the investments by the Top Funds in the Bottom Funds are compatible with the fundamental investment objectives of the Top Funds;
  - (g) the Prospectus will describe the intent of the RSP Funds to invest in a specified Reference Fund or the Underlying Funds, as applicable, the intent of the Managers Fund to invest in specified Underlying Funds, the names of the Bottom Funds, the Target Weightings and the Permitted Ranges;
  - (h) the RSP Funds may change the Permitted RSP Fund Investments only if they change their fundamental investment objectives in accordance with the Legislation;
  - (i) no sales charges are payable by the Top Funds in relation to their purchases of securities of the Bottom Funds;
  - (j) there are compatible dates for the calculation of the net asset value of the Top Funds and the Bottom Funds, for the purpose of the issue and redemption of the securities of such mutual funds;
  - (k) no redemption fees or other charges are charged by the Bottom Funds in respect of the redemption by the Top Funds of securities of the Bottom Funds owned by the Top Funds;
  - (l) the arrangements between or in respect of the Top Funds and the Bottom Funds are such as to avoid the duplication of management fees;
  - (m) no fees or charges of any sort are paid by a Top Fund or Bottom Fund or by the manager or principal distributor of such 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 a Bottom Fund;
  - (n) in the event of the provision of any notice to securityholders of the Bottom Funds, as required by the constating documents of the Bottom Funds or by the laws applicable to the Bottom Funds, such notice will also be delivered to the securityholders of the Top Funds; all voting rights attached to the securities of the Bottom Funds that are owned by the Top Funds will be passed through to the securityholders of the Top Funds; in the event that a securityholders' meeting is called for a Bottom Fund, all of the disclosure and notice material prepared in connection with such meeting will be provided to the securityholders of the applicable Top Fund and such securityholders will be entitled to direct a representative of the Top Fund to vote that Top Fund's holding in the Bottom Funds 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

Bottom Fund except to the extent the securityholders of the Top Fund so direct;

- (o) in addition to receiving the annual and, upon request, the semi-annual financial statements of the Top Funds, securityholders of the Top Funds will receive the annual and, upon request, the semi-annual financial statements of the Bottom Funds, as applicable, in either a combined report, containing the financial statements of both the Top Funds and the Bottom Funds, or in a separate report containing the Bottom Funds' financial statements; and
- (p) to the extent that the Top Funds and the Bottom Funds do not use a combined simplified prospectus and annual information form and financial statements containing disclosure about the Top Funds and the Bottom Funds, copies of the simplified prospectus, annual information form and annual and semi-annual financial statements relating to the Bottom Funds may be obtained upon request by a securityholder of a Top Fund as applicable.

September 11th, 2000.

"Howard I. Wetston"

"Theresa McLeod"

## 2.1.16 Thistle Mining Inc. - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from requirement to include 3 years audited financial statements in take-over-bid circular provided 2 years are included and subject to certain other conditions.

### Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., s. 104.

### Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., 53(6).

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

AND

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

AND

IN THE MATTER OF  
THISTLE MINING INC.

### MRRS DECISION DOCUMENT

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Makers") in each of the provinces of Ontario, Alberta, British Columbia, Manitoba, Prince Edward Island, Saskatchewan, Quebec, Nova Scotia, Newfoundland and New Brunswick (the "Jurisdictions") has received an application from Thistle Mining Inc. ("Thistle") for a decision pursuant to the securities legislation, rules, orders and policies of the Jurisdictions (the "Legislation") that Thistle be relieved from the requirement to include audited financial statements for the years ended December 31, 1997 and prior thereto in a share exchange takeover bid circular (the "Circular") to be mailed to shareholders of Eurasia Gold Corp. ("Eurasia") in connection with Thistle's proposed acquisition of the issued and outstanding common shares of Eurasia that it does not already own, directly or indirectly (the "Bid");

**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** Thistle has represented to the Decision Makers that:



1. Thistle was incorporated under the laws of the Yukon Territory on April 26, 1996 under the name "Ourominas Minerals Inc."
2. Thistle's principal place of business is located at 10 Dundas Street, Edinburgh, Midlothian, Scotland. Thistle maintains an office in Ontario which is located at 65 Queen Street West, Suite 1210, Toronto Ontario, M5H 2M5. Thistle's registered office is located at 2093 Second Avenue, Whitehorse, Yukon V1A 1B5.
3. Thistle is a reporting issuer in Ontario, British Columbia and Alberta and its common shares are listed on the Toronto Stock Exchange.
4. The authorized share capital of Thistle consists of an unlimited number of common shares ("Thistle Shares") and an unlimited number of Class A Preferred Shares ("Class A Preferred Shares") issuable in series. As at the date hereof, 61,142,265 Thistle Shares were issued and outstanding. No Class A Preferred Shares are issued and outstanding and there is no present intention to issue any such shares.
5. Since inception until mid-1998, Ourominas Minerals Inc. was engaged in the business of acquiring, exploring and, if warranted, developing junior mining properties primarily in Brazil. By early 1998 it was apparent that none of the exploration properties were going to be successful and Ourominas became a "shell". Pursuant to the approval of its shareholders in May 1998, the board of directors was almost entirely reconstituted and the business was radically changed to that of a mining finance house for purposes of raising financing and investing same in late stage development projects and production opportunities in global mining, primarily in gold and precious metals (the "Reverse Takeover"). On January 29, 1999, Thistle completed a prospectus financing to allow it to commence its new business.
6. On January 29, 1999, Thistle acquired 60,000,000 common shares and 60,000,000 common share purchase warrants representing a 50.7% interest in Eurasia Gold Corp. ("Eurasia") on a non-diluted basis. The common shares and common share purchase warrants in Eurasia were subsequently transferred to Thistle's wholly-owned French subsidiary, Compagnie Internationale de Developpement Minier SA ("CIDEM"). Eurasia is a Yukon company whose head office is located in Calgary, Alberta and its shares are listed on the Canadian Venture Exchange. Eurasia's principal assets are 100% interests in the Central Mukur and Myaly mines in Kazakhstan. At the Central Mukur project, Eurasia has 3.44 million tonnes grading 1.84 grams per tonne containing 203,500 ounces of gold in the C1 And C2 category of the Russian reserve estimate system. At the Myaly project, Eurasia has 0.58 million tonnes grading 2.22 grams per tonne containing 41,400 ounces in the C1 and C2 category for a total of 244,900 ounces of gold. Gold production from these properties for 1999 totalled 5,100 ounces at an average cost of \$US 171 per ounce versus a net realized gold sale price of \$US 339 per ounce. The cash flow from operations has been re-invested to increase the mining, leaching and gold recovery capacities at both mine sites. Commercial production from these properties was realized effective January 1, 2000.
7. In June 1999, Thistle acquired all the issued and outstanding share capital of CIDEM, a minerals group based in Paris, France. Upon completion of the CIDEM acquisition, Thistle acquired: (i) \$34 million in cash; (ii) a 78% stake in Mines de la Lucette SA, an antimony processor based in France; (iii) a 51% equity stake, which has since been reorganized into a 100% equity stake, in Semstone, a leading supplier of pumice stone from two Turkish quarries; and (iv) other minor mineral related investments outside of Canada.
8. Pursuant to a Memorandum of Understanding dated March 9, 2000 with the board of Philippine Gold Plc ("PGO"), Thistle agreed to acquire, by way of a share exchange under s.425 of the Companies Act 1985 of the United Kingdom, all of the issued shares of PGO (the "PGO Acquisition"). The PGO Acquisition, which is subject to court and shareholder approval, will result in PGO shareholders receiving 1 Thistle Share for every 5.5 PGO shares they hold. PGO presently has on issue 90.08 million ordinary shares and 19.29 million additional PGO shares will be issued upon the conversion of a convertible loan note. PGO is based in the United Kingdom and its shares are listed on the Alternative Investment Market of the London Stock Exchange ("AIM").
9. In March of 2000, Thistle also announced that it has commenced negotiations with the independent directors of Eurasia to acquire the outstanding shares in Eurasia that it does not own. As at June 7, 2000, the registered Canadian shareholders of Eurasia (the "Eurasia Shareholders") were resident in the provinces of Alberta, British Columbia, Manitoba, Ontario, Quebec and Prince Edward Island, 79.69% of all Eurasia Shareholders being residents of Ontario including the 60,000,000 shares of Eurasia held indirectly by Thistle. Thistle intends to file and send to Eurasia shareholders a formal insider take-over bid circular in these provinces in connection with the Circular and Bid by no later than June 30, 2000. The following is a breakdown of Eurasia Shareholders by province as at June 7, 2000:

Province	Number of Registered Holders	Percentage of Analysed Holdings
Alberta	25	2.4
British Columbia	3	0.3
Manitoba	3	0.12
Ontario	4	79.69
Prince Edward Island	1	0.42
Quebec	1	0.00
<b>TOTAL</b>	<b>37</b>	<b>82.93</b>
10. Pursuant to a previous MRRS Application in Ontario, Alberta and British Columbia, Thistle has requested relief from the requirements of National Policy 27 - Canadian Generally Accepted Accounting Principles, section 14 of the Ontario Securities Commission's

Corporate Finance Accountants Practice Manual (the "Manual") and the similar requirements under such securities laws and policies of British Columbia and Alberta to comply with generally accepted accounting principles of Canada ("Canadian GAAP") in respect of its financial statements on condition that Thistle shall comply with the requirements of section 14 of the Manual, and applicable securities laws and policies of British Columbia and Alberta, as they relate to compliance with foreign GAAP in financial statements and subject to certain other conditions. In light of this application, the audited financial statements of Thistle for the years ended December 31, 1999 and 1998, the unaudited interim financial statements of Thistle for the first quarters ended March 31, 2000 and 1999 and the unaudited pro forma statement of combined net assets of PGO and Thistle as at December 31, 1999 to be included in the Circular have been prepared in compliance with generally accepted accounting principles of the United Kingdom ("UK GAAP") except note 30 to the annual statements which is prepared in accordance with French GAAP.

11. On completion of the Reverse Takeover on January 29, 1999 and subsequent thereto, Thistle substantially changed the nature of its business from that of a mining exploration company in Brazil to that of a mining finance company. As such, financial disclosure for Thistle for the years ended December 31, 1997 and prior thereto regarding Thistle's business as an exploration company is not relevant to the operations of Thistle as a mining finance company and would be misleading to Eurasia Shareholders subject to the Bid.
12. The Circular will contain audited financial statements for year ends December 31, 1999 and 1998 of Thistle, unaudited interim financial statements for the first quarters ended March 31, 2000 and 1999 of Thistle as well as an unaudited pro forma statement of combined net assets of PGO and Thistle as at December 31, 1999, all prepared in compliance with UK GAAP except note 30 to the annual statements which is prepared in accordance with French GAAP. The notes to the 1999 financial statements will include a reconciliation with Canadian GAAP. These financial statements constitute adequate financial disclosure to portray historic operations of Thistle to enable a Eurasia Shareholder to make an informed decision as to whether it should tender its shares under the Bid and that the non-inclusion of financial disclosure for prior periods in the Circular will not materially detract from the portrayal of such historical operations.
13. To include financial disclosure for Thistle for the years ended prior to December 31, 1998 and the interim periods ended prior to March 31, 1999 which were prepared in compliance with Canadian GAAP would be misleading to Eurasia Shareholders in light of the fact that the audited financial statements for year ends December 31, 1999 and 1998 of Thistle, unaudited interim financial statements for the first quarters ended March 31, 2000 and 1999 as well as an unaudited pro forma statement of combined net assets of PGO and Thistle as at December 31, 1999 to be included in the Circular have been prepared in accordance with UK

GAAP except note 30 to the annual statements which is prepared in accordance with French GAAP.

14. The audited financial statements of Thistle for the year ended December 31, 1997 and the unaudited interim financial statements of Thistle for the first quarter ended March 31, 1998, all of which have been prepared in accordance with Canadian GAAP and are available on SEDAR.

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

**AND WHEREAS** the Decision Makers are of the opinion that it would not be prejudicial to the public interest to make the Decision;

The Decision of the Decision Makers pursuant to the Legislation is that the requirement contained in the Legislation to include audited financial statements for the years ended December 31, 1997 and prior thereto in the Circular to be mailed to Eurasia Shareholders in connection with the Bid shall not apply to Thistle provided that the Circular contain:

- (i) audited financial statements of Thistle for the year ended December 31, 1999 prepared in accordance with UK GAAP and reconciled to Canadian GAAP except for note 30 which is prepared in accordance with French GAAP and is unaudited and unreconciled;
- (ii) audited financial statements of Thistle for the year ended December 31, 1998 prepared in accordance with UK GAAP except for note 30 which is prepared in accordance with French GAAP and which is unaudited and unreconciled;
- (iii) unaudited interim financial statements for the first quarters ended March 31, 2000 and 1999 of Thistle prepared in accordance with UK GAAP; and
- (iv) unaudited pro forma statement of combined net assets of PGO and Thistle as at December 31, 1999 prepared in accordance with UK GAAP.

July 14th, 2000.

"J. A. Geller"

"Howard I. Wetston"

**2.1.17 Unique Broadband Systems, Inc. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – relief from the registration and prospectus requirements in respect of certain trades made in connection with a take-over involving a Canadian reporting issuer and a Denmark company where exemptions from the registration and prospectus requirements are not available for technical reasons.

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 35(1)16, 53, 72(1)(j), 72(4), 72(5), 74(1) and 89(1).

**IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA AND ONTARIO**

**AND**

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

**AND**

**IN THE MATTER OF UNIQUE BROADBAND SYSTEMS, INC.**

**DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker"), in each of British Columbia, Alberta and Ontario (collectively the "Jurisdictions") has received an application from Unique Broadband Systems, Inc. ("UBS") for a decision under the securities legislation, regulations, rules and/or policies of the Jurisdictions (the "Legislation") that:

- (i) certain trades in common shares of UBS made in connection with or resulting from the proposed take-over of Pro Television Technologies A/S ("Pro-Television"), a Denmark company, (the "Acquisition") shall not be subject to the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file a preliminary prospectus and a prospectus and receive receipts therefor (the "Prospectus Requirements"); and
- (ii) the first trade in common shares issued in connection with the Acquisition (the "Acquisition Common Shares") shall not be subject to the Prospectus Requirements.

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

**AND WHEREAS** UBS has represented to the Decision Makers that:

1. UBS is a corporation amalgamated under the laws of the Province of Ontario.
2. UBS completed a reverse take-over with PCS Wireless, Inc. on September 27, 1997 and has been a reporting issuer in British Columbia, Alberta and Ontario since such date.
3. UBS is not in default of any requirement of the Legislation.
4. UBS's principal business is the development and manufacturing of broadband wireless solutions by utilizing high-speed broadband mobile wireless transmission of voice, data and other information.
5. UBS's principal executive offices are located in Concord, Ontario.
6. The authorized share capital of UBS consists of an unlimited number of common shares of which there are currently 98,826,980 common shares issued and outstanding.
7. The common shares of UBS are currently listed and posted for trading on the Canadian Venture Exchange ("CDNX").
8. Pro Television is a limited liability company registered in Denmark with its head office and principal place of business located in Brøndby, Denmark.
9. The issued and outstanding share capital of Pro Television consists of 1,000,000 shares which are directly owned and registered in the name of Panta Electronics B.V. ("Panta"), a limited liability company incorporated under the laws of Denmark.
10. Pro Television and Panta are not reporting issuers in the Jurisdictions.
11. The Acquisition is to be effected pursuant to an agreement of purchase and sale between UBS and Panta with respect to the purchase by UBS from Panta of all of the shares of Pro-Television in consideration for the issuance to Panta of a certain number of common shares of UBS, (to be determined pursuant to a formula) and a certain sum of cash.
12. The Acquisition will be made in accordance and in compliance with the laws of Denmark.
13. If Panta were a "person in Ontario (or other Jurisdiction)" as contemplated in the definition of "take-over bid" in the Legislation, the Acquisition would constitute a take-over bid under the Legislation, and the issuance of the Acquisition Common Shares to Panta could be effected in reliance upon the exemptions from the registration and prospectus requirements set out in the Legislation. In that event, the first trade of the Acquisition Common Shares would be subject to similar

resale restrictions in the Legislation of the respective Jurisdictions.

14. If Panta were a "person in Ontario (or other Jurisdiction)" and the Acquisition constituted a "take-over bid" under the Legislation, the take-over bid would be an exempt take-over bid as Pro-Television is not a reporting issuer in the Jurisdictions and has fewer than 50 shareholders.
15. The Acquisition is a bona fide commercial transaction negotiated at arm's length with Panta, and is not intended to be a back-door distribution of the Acquisition Common Shares into the capital markets of Canada.
16. A distribution of securities outside of a Jurisdiction may also be considered to be a distribution of securities in the Jurisdiction depending on the connecting factors of the distribution to the Jurisdiction. Due to the connecting factors of the Acquisition to the capital markets of Canada including the intention of Panta to sell the Acquisition Common Shares through the facilities of the CDN, UBS is seeking relief from the Registration and Prospectus Requirements for the distribution and resale of the Acquisition Common Shares issued and acquired pursuant to the Acquisition to ensure compliance with the Legislation.

seller has reasonable grounds to believe that UBS is not in default of any requirements of the Applicable Legislation; and

5. the first trade is not a distribution from the holdings of a person or company, or combination of persons and companies, acting in concert or by virtue of an agreement, arrangement, commitment or understanding, which holds in total a sufficient number of any voting securities of UBS to affect materially the control of UBS, and if a person or company or combination of persons and companies holds more than 20% of the voting attached to all outstanding securities of UBS, the person or company or combination of persons and companies is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of UBS.

September 14<sup>th</sup>, 2000.

"J. A. Geller"

"K. D. Adams"

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

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

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

- A. the Registration Requirement and the Prospectus Requirement shall not apply to the distribution of the Acquisition Common Shares made in connection with the Acquisition; and
- B. the first trade of the Acquisition Common Shares shall be a distribution unless:
  1. UBS is a reporting issuer or equivalent under the Legislation of the Jurisdiction (the "Applicable Legislation") in which the trade occurs;
  2. no unusual effort is made to prepare the market or create a demand for the Acquisition Common Shares;
  3. no extraordinary commission or other consideration is paid in respect of the first trade;
  4. if the seller is in a "special relationship" with or is an "insider" of UBS (each as defined in the Applicable Legislation), the

**2.1.18 Westrock Energy Income Fund I and  
Westrock Energy Income Fund II - MRRS  
Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Decision declaring two income funds to no longer be reporting issuers following the exchange and cancellation of all their trust units pursuant to a merger with a third fund.

**Applicable Ontario Statutory Provisions**

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

**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, ONTARIO,  
SASKATCHEWAN, QUEBEC, NOVA SCOTIA, NEW  
BRUNSWICK,  
NEWFOUNDLAND AND PRINCE EDWARD ISLAND**

**AND**

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

**AND**

**IN THE MATTER OF  
WESTROCK ENERGY INCOME FUND I AND  
WESTROCK ENERGY INCOME FUND II**

**MRRS DECISION DOCUMENT**

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Ontario, Saskatchewan, Quebec, Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island (the "Jurisdictions") has received an application from Westrock Energy Income Fund I ("Westrock I") and Westrock Energy Income Fund II ("Westrock II") (collectively, the "Funds") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the Funds be declared to no longer be reporting issuers, 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** the Funds have represented to the Decision Makers that:

- 3.1 Westrock I was formed under the laws of Alberta pursuant to a trust indenture dated March 2, 1987, as amended, with its registered office located in Calgary, Alberta;
- 3.2 Westrock II was formed under the laws of Alberta pursuant to a trust indenture dated January 15, 1988, as amended, with its registered office located in Calgary, Alberta;
- 3.3 the Funds are reporting issuers, or the equivalent thereof, in each of the Jurisdictions and are not in default of the requirements under the Legislation;
- 3.4 pursuant to a merger (the "Merger") approved by the Westrock I unitholders and the Westrock II unitholders on June 8, 2000, Westrock I and Westrock II merged with Enerplus Resources Fund ("Enerplus");
- 3.5 prior to the Merger, there were 7,705,495 trust units of Westrock I outstanding, all of which were exchanged for trust units of Enerplus ("Enerplus Units") pursuant to the Merger, and subsequently canceled, and Westrock I was wound-up and terminated;
- 3.6 prior to the Merger, there were 12,286,028 trust units of Westrock II outstanding, all of which were exchanged for Enerplus Units pursuant to the Merger and subsequently canceled, and Westrock II was wound-up and terminated;
- 3.7 the trust units of the Funds were delisted from The Toronto Stock Exchange on June 13, 2000 and no securities of the Funds are listed or traded on any exchange or market in Canada or elsewhere;
- 3.8 there are no securities of the Funds, including debt obligations, currently issued and outstanding;

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 Westrock I and Westrock II are declared to no longer be reporting issuers, or the equivalent thereof, under the Legislation as of the date of this Decision Document.

**DATED** this 2nd day of August, 2000.

"Patricia M. Johnston"  
Director, Legal Services & Policy Development

## 2.2 Orders

### 2.2.1 SamsCD.com Inc. - ss.83.1(1) and 74(1)

#### Headnote

Subsection 83.1(1) - amalgamation of applicant and CDNX shell issuer to take place two months after issuance of receipt for final prospectus of applicant - applicant having become reporting issuer upon issuance of receipt - company continuing following amalgamation will not inherit reporting issuer status of applicant because applicant will have been a reporting issuer in Ontario for less than twelve months - no material change in business of applicant due to amalgamation - business of applicant will become business of continuing company - continuing company deemed to be a reporting issuer for the purposes of Ontario securities law upon completion of amalgamation

Subsection 74(1) - first trade in securities of continuing company to be issued on amalgamation in exchange for securities of applicant which were qualified by prospectus exempt from the requirements of section 53 of the Act, subject to certain conditions

#### Statutes Cited

*Securities Act*, R.S.O. 1990, c. S.5, as am., ss. 1(1), 53, 72(1)(i), 72(5), 72(5)(a), 74(1), 83.1(1)

#### Rules Cited

Ontario Securities Commission Rule 45-501, Exempt Distributions (1999), 22 O.S.C.B. 127 Ontario Securities Commission Rule 14-501, Definitions (1998), 21 O.S.C.B. 7509

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

**AND**

**IN THE MATTER OF  
SAMSCD.COM INC.**

**ORDER AND RULING  
(Subsections 83.1(1) and 74(1))**

**UPON** the application (the "Application") of SamsCD.com Inc. (the "Applicant") to the Ontario Securities Commission (the "Commission") for:

1. an order pursuant to subsection 83.1(1) of the Act deeming the company ("Amalco") to be formed by the amalgamation (the "Amalgamation") of the Applicant and Berwind Capital Corp. ("Berwind") to be a reporting issuer for the purposes of Ontario securities law; and
2. a ruling pursuant to subsection 74(1) of the Act providing that the first trade in certain securities of Amalco (the "Amalco Securities") to be issued on the Amalgamation in exchange for securities of the Applicant (the "Qualified Securities") which were qualified by a prospectus dated July 12, 2000 (the

"Prospectus") shall not be subject to the requirements of section 53 of the Act;

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

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

1. The Applicant was incorporated under the laws of the Province of Ontario on January 7, 1998 as Isoquest Acquisition GP Limited and subsequently changed its name to SamsCD.com Inc. by Articles of Amendment dated March 31, 1999. The head office of the Applicant is located in Toronto, Ontario.
2. The authorized capital of the Applicant consists of an unlimited number of Class A common shares and an unlimited number of special shares, issuable in one or more series. As at July 21, 2000, the Applicant had 17,300,000 Class A common shares issued and outstanding and no special shares outstanding.
3. The Applicant became a reporting issuer following the filing of the Prospectus with the Commission (as principal regulator), the Alberta Securities Commission (the "ASC") and the British Columbia Securities Commission, and obtaining a receipt therefor on July 14, 2000. The Applicant is not in default of any requirement of the Act or the rules or regulations made thereunder.
4. The Prospectus qualified the distribution of 9,300,000 Class A common shares (the "Qualified Common Shares"), 4,400,000 Class A common share purchase warrants (the "Qualified Warrants") and 440,000 compensation options (the "Qualified Options"). The Qualified Common Shares, Qualified Warrants and Qualified Options comprise the Qualified Securities.
5. Pursuant to the terms and conditions of an amalgamation agreement (the "Amalgamation Agreement") dated March 3, 2000, between the Applicant and Berwind, the Applicant plans to amalgamate with Berwind to create Amalco. The Amalgamation is scheduled to take place on or before September 30, 2000 under the *Business Corporations Act* (Ontario). The sole purpose of the Amalgamation is to provide the Applicant with a public distribution base upon which it may obtain a listing on the Canadian Venture Exchange (the "CDNX").
6. Berwind was incorporated under the laws of the Province of Alberta on October 1, 1997 as 757087 Alberta Ltd. and subsequently changed its name to Berwind Capital Corp. by Certificate of Amendment dated February 9, 1998. The head office of Berwind is located in Calgary, Alberta.
7. Berwind is a junior capital pool company in accordance with Policy No. 7 of the Alberta Stock Exchange, a predecessor to CDNX, and with ASC Rule 46-501. Berwind has been a reporting issuer in the Province of Alberta since June 8, 1998, and the common shares of Berwind are listed and posted for trading on the Junior

Capital Pool Board of the CDNX. Berwind is also an exchange issuer (as such term is defined under securities legislation in British Columbia) in the Province of British Columbia by virtue of being listed on CDNX. Berwind is not in default of the securities legislation of Alberta or British Columbia.

8. Berwind is a shell issuer, has no material assets or liabilities and does not carry on any business. Since its listing on CDNX, Berwind's objective has been to identify properties or businesses with a view to acquisition or merger.
9. The Amalgamation Agreement has been approved by the board of directors and shareholders of the Applicant, the board of directors of Berwind, and is to be approved by the shareholders of Berwind at an annual and special meeting (the "Meeting") of the shareholders to be held on or about September 14, 2000. Pursuant to the terms of the Amalgamation Agreement, the Qualified Securities will be exchanged for equivalent securities of Amalco (the "Amalco Securities").
10. In connection with the Meeting, Berwind has prepared an information circular (the "Information Circular") dated July 31, 2000 containing prospectus-level disclosure on the Applicant, Berwind and the proposed business combination of the Applicant and Berwind. The Information Circular was reviewed by CDNX, mailed to the shareholders of Berwind and filed with the ASC and CDNX.
11. Upon completion of the Amalgamation, because neither the Applicant nor Berwind has been a reporting issuer in Ontario for twelve months, Amalco will not inherit the reporting issuer status of the Applicant and will not be a reporting issuer in Ontario. In addition, the Amalco Securities will be subject to an indefinite hold period or, if Amalco becomes a reporting issuer in Ontario, a hold period of twelve months from the date Amalco becomes a reporting issuer.
12. The business of Amalco will be the business of the Applicant and will not change in any material respect following the Amalgamation. The Prospectus provided full, true and plain disclosure of all material facts relevant to the business of the Applicant and, following the Amalgamation, the business to be carried on by Amalco. The Amalco Securities are equivalent to the Qualified Securities. The name of Amalco will be Sams Online Inc. and the articles and by-laws of Amalco will be the articles and by-laws of the Applicant, subject to conforming adjustments.

**AND WHEREAS** the Commission is satisfied that to do so would not be prejudicial to the public interest;

**IT IS ORDERED** pursuant to subsection 83.1(1) of the Act, that Amalco be deemed to be a reporting issuer for the purposes of Ontario securities law upon completion of the Amalgamation; and

**IT IS RULED** pursuant to subsection 74(1) of the Act, that the first trade in Amalco Securities shall not be subject to

section 53 of the Act provided that such trade is made in accordance with the provisions of subsection 72(5) of the Act, other than the requirement in clause 72(5)(a) of the Act that Amalco has been a reporting issuer for at least twelve months, and, for the purposes herein, it shall not be necessary to satisfy the requirement in clause 72(5)(a) of the Act that Amalco not be in default of any requirement of the Act or the regulations if the vendor is not in a special relationship with Amalco, or, if the vendor is in a special relationship with Amalco, the vendor has reasonable grounds to believe that Amalco is not in default under the Act or the rules or regulations made thereunder, where for these purposes "special relationship" shall have the same meaning as in Rule 14-501 *Definitions*.

September 8<sup>th</sup>, 2000.

"J. A. Geller"

"K. D. Adams"

**2.2.2 SoftCare EC.com, Inc. - ss. 83.1(1)**

**Headnote**

Subsection 83.1(1) - issuer deemed to be a reporting issuer in Ontario - issuer has been reporting issuer in British Columbia for more than 12 months and in Alberta since November 26, 1999 - issuer listed and posted for trading on the Canadian Venture Exchange - continuous disclosure requirements of British Columbia and Alberta substantially similar to those of Ontario

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c.S.5, as am., s. 83.1(1)

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

**AND**

**IN THE MATTER OF SOFTCARE EC.COM, INC.**

**ORDER  
(Subsection 83.1 (1))**

**UPON** the application of SoftCare EC.com, Inc. ("Softcare") for an order pursuant to subsection 83.1(1) of the Act deeming Softcare to be a reporting issuer for the purposes of the Act and the regulations made thereunder (the Act and the regulations collectively, "Ontario Securities Law");

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

**AND UPON** Softcare representing to the Commission as follows:

1. Softcare is a corporation governed by the *Company Act* R.S.B.C. 1996, Chap. 62, as amended, (the "BCCA").
2. Softcare's head office is located in North Vancouver, British Columbia.
3. Softcare (and its predecessor corporations) has been a reporting issuer under the *Securities Act* R.S.B.C. 1996, Chap. 418 (the "B.C. Act") since May 24, 1985. Softcare became a reporting issuer in Alberta on November 26, 1999 as a result of the merger of the Vancouver Stock Exchange and the Alberta Stock Exchange to form the Canadian Venture Exchange ("CDNX"). As of March 29, 2000, following Softcare's filing of a New Reporting Issuer Notice pursuant to BOR 51-501, the Alberta Securities Commission granted a certificate to Softcare under Section 113 of the *Securities Act* (Alberta) (the "Alberta Act") whereby Softcare became subject to all of the dissemination and filing requirements relating to reporting issuers under the Alberta Act. Softcare is not in default of the any requirements of the B.C. Act or the Alberta Act.
4. The continuous disclosure requirements of the B.C. Act and the Alberta Act are substantially the same as the requirements under the Act.

5. The continuous disclosure materials filed by Softcare (and its predecessors) under the B.C. Act since May 24, 1985 and under the Alberta Act since March 29, 2000 are available on the System for Electronic Document Analysis and Retrieval (SEDAR).
6. Softcare is not a reporting issuer or the equivalent under the securities legislation of any other jurisdiction in Canada.
7. The authorized share capital of Softcare consists of 100,000,000 common shares (the "Common Shares") without par value of which 15,469,728 Common Shares were issued and outstanding as of June 22, 2000.
8. There are 890,000 outstanding options at an exercise price of \$1.50 and 100,000 outstanding options at an exercise price of \$3.90. Further, there are 1,644, 500 outstanding warrants at an exercise price of \$3.75 and 747,500 outstanding warrants at an exercise price of \$4.25.
9. The Common Shares are listed on the CDNX.

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

**IT IS HEREBY ORDERED** pursuant to subsection 83.1(1) of the Act that Softcare is deemed to be a reporting issuer for the purposes of the Ontario Securities Law.

August 11<sup>th</sup>, 2000.

"Howard I. Wetston"

"R. Stephen Paddon"



**2.3 Rulings**

**2.3.1 1435831 Ontario Limited - s. 59 of Schedule 1**

**Headnote**

Subsection 59(1) of Schedule 1 to the Regulation - reduction in fee otherwise due as a result of a takeover bid in connection with a corporate reorganization involving no change in beneficial ownership.

**Statutes Cited**

Securities Act, R.S.O. 1990, c.S.5, as am., s. 93(1)(c).

**Regulations Cited**

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am. Schedule 1 s.32(1), 59(1).

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

**AND**

**IN THE MATTER OF THE REGULATION UNDER THE  
SECURITIES ACT,  
R.R.O. 1990, REGULATION 1015, AS AMENDED (the  
"Regulation")**

**AND**

**IN THE MATTER OF  
1435831 ONTARIO LIMITED**

**RULING**

**(Section 59 of Schedule 1)**

**UPON** the application (the "Application") of 1435831 Ontario Limited (the "Applicant") to the Ontario Securities Commission (the "Commission") for a ruling, pursuant to subsection 59(1) of Schedule 1 (the "Schedule") to the Regulation under the Act, exempting the Applicant from payment in part of the fee payable pursuant to section 32(1)(b) of the Schedule;

**AND UPON** reading the Application and the recommendation of the staff of the Commission;

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

1. The Applicant is a corporation incorporated under the laws of Ontario and is not a reporting issuer under the Act. The Applicant is a wholly-owned subsidiary of KRT Investments Corp. ("KRTIC").
2. On September 5, 2000, the Applicant acquired 1,915,399 common shares of The Thomson Corporation ("TTC") (the "Shares") from KRTIC with the consideration therefor being satisfied by common

shares of the Applicant. TTC is a reporting issuer under the Act.

3. The Applicant and KRTIC are both controlled by Kenneth R. Thomson and, as a result, the Applicant and KRTIC are affiliated corporations. As the Applicant is deemed to own beneficially all of the TTC shares beneficially owned by companies controlled by Kenneth R. Thomson, the acquisition of the Shares by the Applicant resulted in the Applicant owning in excess of 20% of the outstanding common shares of TTC. Accordingly, the acquisition of the Shares by the Applicant constituted a take-over bid under the Act.
4. The Shares were acquired pursuant to the take-over bid exemption in clause 93(1)(c) of the Act.
5. The transaction was an internal corporate reorganization within the same control group and did not result in a change in beneficial ownership of the Shares.
6. In the absence of the relief provided by this ruling and pursuant to the formula in clause 32(1)(b) of the Schedule, the Applicant would be required to pay a fee of \$17,214.75 as a result of the transaction described above.

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

**IT IS RULED**, pursuant to subsection 59(1) of the Schedule, that the Applicant be exempt from the requirement to pay the fee otherwise payable pursuant to clause 32(1)(b) of the Schedule, provided that the minimum fee of \$800.00 is paid.

September 19<sup>th</sup>, 2000.

"J. A. Geller"

"Howard I. Wetston"

**2.3.2 1435839 Ontario Limited - s. 59 of  
Schedule 1**

**Headnote**

Subsection 59(2) of Schedule 1 to the Regulation - reduction in fee otherwise due as a result of a takeover bid in connection with a corporate reorganization involving no change in beneficial ownership.

**Statutes Cited**

Securities Act, R.S.O. 1990, c.S.5, as am., s. 93(1)(c).

**Regulations Cited**

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am. Schedule 1 s.32(1), 59(2).

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

**AND**

**IN THE MATTER OF THE REGULATION UNDER THE  
SECURITIES ACT,  
R.R.O. 1990, REGULATION 1015, AS AMENDED (the  
"Regulation")**

**AND**

**IN THE MATTER OF  
1435839 ONTARIO LIMITED**

**RULING  
(Section 59 of Schedule 1)**

**UPON** the application (the "Application") of 1435839 Ontario Limited (the "Applicant") to the Ontario Securities Commission (the "Commission") for a ruling, pursuant to subsection 59(2) of Schedule 1 (the "Schedule") to the Regulation under the Act, exempting the Applicant from payment in part of the fee payable pursuant to section 32(1)(b) of the Schedule;

**AND UPON** reading the Application and the recommendation of the staff of the Commission;

**AND UPON** the Applicant having represented to the Director as follows:

1. The Applicant is a corporation incorporated under the laws of Ontario and is not a reporting issuer under the Act. The Applicant is a wholly-owned subsidiary of PJT Family Corp. ("PJTFC").
2. On September 5, 2000, the Applicant acquired 493,297 common shares of The Thomson Corporation ("TTC") (the "Shares") from PJTFC with the consideration therefor being satisfied by common shares of the Applicant. TTC is a reporting issuer under the Act.
3. The Applicant and PJTFC are both controlled by Kenneth R. Thomson and, as a result, the Applicant and PJTFC are affiliated corporations. As the Applicant is deemed to own beneficially all of the TTC shares beneficially owned by companies controlled by Kenneth R. Thomson, the acquisition of the Shares by the Applicant resulted in the Applicant owning in excess of 20% of the outstanding common shares of TTC. Accordingly, the acquisition of the Shares by the Applicant constituted a take-over bid under the Act.
4. The Shares were acquired pursuant to the take-over bid exemption in clause 93(1)(c) of the Act.
5. The transaction was an internal corporate reorganization within the same control group and did not result in a change in beneficial ownership of the Shares.
6. In the absence of the relief provided by this ruling and pursuant to the formula in clause 32(1)(b) of the Schedule, the Applicant would be required to pay a fee of \$4,433.54 as a result of the transaction described above.

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

**IT IS RULED**, pursuant to subsection 59(2) of the Schedule, that the Applicant be exempt from the requirement to pay the fee otherwise payable pursuant to clause 32(1)(b) of the Schedule, provided that the minimum fee of \$800.00 is paid.

September 19<sup>th</sup>, 2000.

"Stan Magidson"

**2.3.3 Hertz Corporation - ss. 74(1)**

**Headnote**

Subsection 74(1) - trades in common stock of non-reporting issuer to spouses of Ontario employees and trades in shares acquired by the spouses pursuant to company's employee stock purchase plan exempt from registration and prospectus requirements. Eligible employees cannot have shares registered solely in name of spouse and payroll deductions only made from employees' payroll.

**Statutes Cited**

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

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

**AND**

**IN THE MATTER OF  
THE HERTZ CORPORATION**

**RULING  
(Subsection 74(1))**

**UPON** the application of The Hertz Corporation ("Hertz") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that trades in the common stock of Hertz (the "Shares") to the spouses (the "Spouses") of Ontario resident employees of Hertz and Hertz's affiliates (the "Ontario Participants") and trades in the Shares acquired by the Spouses pursuant to The Hertz Corporation Employee Stock Purchase Plan, as amended (the "Plan"), are not subject to the requirements of section 25 or 53 of the Act;

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

**AND UPON** Hertz representing to the Commission that:

1. Hertz is a corporation incorporated under the laws of the State of Delaware.
2. The Shares are listed and posted for trading on the New York Stock Exchange in the United States.
3. Hertz is not and has no present intention of becoming a reporting issuer under the Act.
4. Hertz established the Plan for the benefit of its eligible employees and those of its affiliates, including the Ontario Participants.
5. Under the Plan, eligible employees, including the Ontario Participants, are provided with an opportunity to purchase Shares through accumulated payroll deductions.
6. Under the Plan, Shares acquired by eligible employees, including the Ontario Participants, may be registered in

the name of the eligible employee or jointly in the name of the eligible employee and such employee's spouse.

7. Eligible employees are not able to elect to have the Shares registered solely in the name of their respective Spouses and payroll deductions are only made from the eligible employees' payroll. Spouses are not able to contribute and purchase Shares under the Plan.
8. As of May 31, 2000, approximately 449 Ontario Participants are eligible to participate in the Plan.
9. Hertz will use the services of an agent (the "Agent") to purchase Shares in accordance with, and pursuant to, the Plan. The Ontario Participants and the Spouses may also use the Agent to effect trades in the Shares acquired pursuant to the Plan. The Agent is not a registered broker under the Act but is registered under applicable securities legislation in the United States.
10. Participation in the Plan is entirely voluntary and the Ontario Participants and the spouses have not been, and will not be, induced to participate in the Plan or to purchase Shares under the Plan by expectation of employment or continued employment of the Ontario Participants.
11. The Ontario Participants who participate in the Plan will be provided with generally the same disclosure in respect of the Plan as it provides to participants in the Plan residing in the United States.
12. Ontario residents hold not more than 10% of the outstanding Shares and the number of Ontario residents holding Shares is not more than 10% of the total number of holders of Shares.

**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 of Shares to the Spouses pursuant to the Plan and first trades of Shares acquired by the Spouses pursuant to the Plan are not subject to section 25 or 53 of the Act provided that:

- (a) such trades are executed through the facilities of a stock exchange or organized market outside of Canada; and
- (b) such trades are made in accordance with the rules of the stock exchange or organized market upon which the trade is made and in accordance with all laws applicable to such stock exchange or organized market.

September 15<sup>th</sup>, 2000.

"J. A. Geller"

"Howard I. Wetston"

**2.3.4 Renaissance Energy Ltd. - ss. 74(1)**

**Headnote**

Subsection 74(1) - relief from requirement of clause 3.11(2)(c) of Ontario Securities Commission Rule 45-501 that all securities of a "control block" holder must be held for at least 12 months from the date of the latest exempt purchase of securities of the subject issuer on the basis that the tainting acquisitions did not raise the policy concerns the provision is intended to address as the acquisitions were *de minimis*, the acquisitions were made in connection with a plan of arrangement and all shares had been held by the "control block" for over 6 months.

**Statutes Cited**

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 53, 72(5), 72(7)(b), 72(7)(c) and 74(1).

**Rules Cited**

Ontario Securities Commission Rule 45-501, s. 3.11(2).

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

**AND**

**IN THE MATTER OF  
RENAISSANCE ENERGY LTD.**

**RULING  
(Subsection 74(1))**

**UPON** the application of Renaissance Energy Ltd. ("Renaissance") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that the proposed trades to be made by Renaissance in shares of Avid Oil & Gas Ltd. ("Avid") through the facilities of The Toronto Stock Exchange ("TSE") are not subject to section 53 of the Act, subject to certain conditions;

**AND UPON** considering the application of Renaissance and the recommendation of staff of the Commission,

**AND UPON** Renaissance having represented to the Commission as follows:

1. Renaissance was incorporated under the *Companies Act* (Alberta) on January 28, 1982 as 285901 Alberta Ltd. and changed its name to Renaissance Energy Ltd. on June 9, 1982. Renaissance was continued under the *Business Corporations Act* (Alberta) on July 26, 1985. Renaissance is a reporting issuer in each of the provinces of Canada and its securities are listed and posted for trading on The Toronto Stock Exchange (the "TSE") under the symbol "RES".
2. On January 26, 2000, Renaissance acquired 14,061 Class "A" shares in the capital of Avid ("Avid Class A Shares") which shares were issued to Renaissance

pursuant to an arrangement between Avid, Big Bear Exploration Ltd. and 855171 Alberta Ltd.

3. Together with the 14,061 Avid Class A Shares acquired on January 26, 2000, Renaissance owns an aggregate of 8,301,561 Avid Class A Shares.
4. Prior to the January 26, 2000 issuance of Avid Class A Shares to Renaissance, Renaissance owned 8,287,500 Avid Class A Shares or 42.6% of the issued and outstanding Avid Class A Shares. Renaissance acquired the 8,287,500 Avid Class A Shares in connection with a share purchase by Avid of the shares of Ardent Energy Inc. on June 17, 1999.
5. Avid was incorporated as 723573 Alberta Ltd. pursuant to the *Business Corporations Act* (Alberta) on January 13, 1997. On April 8, 1997 Avid changed its name to Avid Oil & Gas Ltd. and on June 27, 1997 Avid amalgamated with its wholly-owned subsidiary 735815 Alberta Ltd. Avid is a reporting issuer in all of the provinces of Canada and its Class A Shares trade on the TSE under the symbol "AVO.A". Avid has been a reporting issuer in Ontario for more than eighteen months.
6. Renaissance proposes to sell Avid Class A Shares through the facilities of the TSE. Each proposed trade to be made by Renaissance will be a distribution within the meaning of clause (c) of the definition of "distribution" in subsection 1(1) of the Act, requiring compliance with the registration and prospectus requirements of the Act.
7. Renaissance is proposing to enter into a plan of arrangement with Husky Oil Limited ("Husky") on or about August 25, 2000 which will effectively result in the acquisition of Renaissance by Husky. With the consent of Husky, Renaissance has undertaken to management of Avid to use its best efforts to divest itself of up to half of its holdings in Avid Class A Shares.

**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 section 53 of the Act shall not apply to the sale by Renaissance of Avid Class A Shares through the facilities of the TSE, provided that:

- (a) each trade is made in compliance with subsection 72(7) of the Act; and,
- (b) Renaissance does not acquire direct or indirect ownership, control or direction over any additional Avid Class A shares after the date hereof.

August 4<sup>th</sup>, 2000.

"J. A. Geller"

"Howard I. Wetston"

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## Chapter 3

# Reasons: Decisions, Orders and Rulings

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## Chapter 4

# Cease Trading Orders

### 4.1 Temporary Cease Trading Orders

#### 4.1.1 Adrian Beale et al. - s. 127

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

AND

IN THE MATTER OF  
ADRIAN BEALE, DOMINIQUE BOITER, MICHAEL  
BUSUTTIL, PETER S. CROMBIE, PAUL CURLEY, TOM  
DE FAYE, ALAN GANE, LARRY HALEY, PHIL  
HEMBRUFF, RAYMOND V. HESSION, ROLAND HORST,  
TONY JOHNSTON, BOB LO, TERENCE J. McCONNELL,  
GARY M. MUNSINGER, SCOTT NELSON, ANDY A.  
RYBAK, JAY SARKAR, THEODORE M. WELP, AND  
RESEARCH CORPORATION TECHNOLOGIES, INC.

#### TEMPORARY ORDER (Section 127)

WHEREAS it appears to the Ontario Securities Commission ("the Commission") that:

1. IDS Intelligent Detection Systems Inc. ("IDS") is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Adrian Beale, Dominique Boiter, Michael Busuttill, Peter S. Crombie, Paul Curley, Tom De Faye, Alan Gane, Larry Haley, Phil Hembruff, Raymond V. Hession, Roland Horst, Tony Johnston, Bob Lo, Terence J. McConnell, Gary M. Munsinger, Scott Nelson, Andy A. Rybak, Jay Sarkar, Theodore M. Welp, and Research Corporation Technologies, Inc. (individually, a "Respondent" and collectively, the "Respondents") is, or was during the six-month period ended June 30, 2000, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of IDS or individual that has, or may have, access to material undisclosed information of IDS).
3. IDS failed to file interim financial statements for the six-month period ended June 30, 2000 (the "Interim Financial Statements") on or before August 29, 2000, contrary to subsection 78(1) of the Securities Act (Ontario).
4. As of the date of this order, IDS has not filed its Interim Financial Statements.
5. By virtue of his/her/its relationship, each Respondent has, or may have access to, information regarding the affairs of IDS that has not been generally disclosed.

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

AND WHEREAS the Commission is of the opinion that the length of time required to conclude a hearing could be prejudicial to the public interest;

IT IS ORDERED pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act that:

- A. all trading, whether direct or indirect, by the Respondents in the securities of IDS shall cease until two full business days following the receipt by the Commission of all filings IDS is required to make pursuant to Ontario securities law; and
- B. this order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by the Commission.

September 12<sup>th</sup>, 2000.

"John Hughes"



**4.1.2 Mariusz S. Rybak, Francois Hubert and  
Adrian Van Vroenhoven - s. 127**

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

**AND**

**IN THE MATTER OF  
MARIUSZ S. RYBAK, FRANCOIS HUBERT, ADRIAN VAN  
VROENHOVEN**

**TEMPORARY ORDER  
(Section 127)**

B. this order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by the Commission.

September 15<sup>th</sup>, 2000.

"John Hughes"

**WHEREAS** it appears to the Ontario Securities Commission ("the Commission") that:

1. IDS Intelligent Detection Systems Inc. ("IDS") is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Mariusz S. Rybak, Francois Hubert, Adrian Van Vroenhoven (individually, a "Respondent" and collectively, the "Respondents") is, or was during the six-month period ended June 30, 2000, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of IDS) or an individual that has, or may have, access to material undisclosed information of IDS.
3. IDS failed to file interim financial statements for the six-month period ended June 30, 2000 (the "Interim Financial Statements") on or before August 29, 2000, contrary to subsection 77(1) of the Securities Act (Ontario).
4. As of the date of this order, IDS has not filed its Interim Financial Statements.
5. By virtue of his/her/its relationship, each Respondent has, or may have access to, information regarding the affairs of IDS that has not been generally disclosed.

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

**AND WHEREAS** the Commission is of the opinion that the length of time required to conclude a hearing could be prejudicial to the public interest;

**IT IS ORDERED** pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act that:

- A. all trading, whether direct or indirect, by the Respondents in the securities of IDS shall cease until two full business days following the receipt by the Commission of all filings IDS is required to make pursuant to Ontario securities law; and

## Chapter 5

# Rules and Policies

### 5.1 Rules and Policies

#### 5.1.1 Notice of Amendment to Rule under the Securities Act - In the Matter of Certain Reporting Issuers [Including National Policy Statement No. 41]

##### NOTICE OF AMENDMENT TO RULE UNDER THE SECURITIES ACT IN THE MATTER OF CERTAIN REPORTING ISSUERS [INCLUDING NATIONAL POLICY STATEMENT NO. 41]

###### Notice of Amendment

The Commission has, under section 143 of the *Securities Act* (the "Act"), amended the rule entitled *In the Matter of Certain Reporting Issuers* [including National Policy Statement No. 41] (1997), 20 OSCB 1219, as amended (1999), 22 OSCB 152 and (2000), 23 OSCB 288 (the "Rule"). The amendment extends the expiration date of the Rule from December 31, 2000 to December 31, 2001. This amendment, however, does not materially change the Rule and, accordingly, under section 143.2 of the Act, the Commission has not published the amendment for comment.

The amendment and the material required by the Act to be delivered to the Minister of Finance were delivered on September 27, 2000. If the Minister does not approve the amendment, reject the amendment or return it to the Commission for further consideration by November 27, 2000, the amendment will come into force on December 11, 2000. If the Minister approves the amendment, it will come into force 15 days after it is approved.

###### Substance and Purpose of Amendment

The Rule replaced the deemed rule entitled *In the Matter of Certain Reporting Issuers* (1988), 11 OSCB 1029 [including National Policy Statement No. 41 (1987), 10 OSCB 6306].

The Rule provides that it expires on the earlier of the date on which a new rule intended to replace it comes into force and December 31, 2000. Proposed National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer, which is intended to replace the Rule, was published for a third comment period on September 1, 2000 at (2000), 23 OSCB 5937, together with proposed National Instrument 54-102 Supplemental Mailing Lists and Interim Financial Statements. National Instrument 54-102 has been proposed to replace the provisions of NP 41 pertaining to supplemental mailing lists, but has not been republished for comment since it was first published in February 1998 with the then proposed National Instrument 54-101. National Instrument 54-102 is expected to be adopted by the CSA at the same time as National Instrument 54-101, without material

changes from the version of National Instrument 54-102 that was published in February 1998. The comment period for the proposed National Instrument ends on November 1, 2000. It is proposed that the in-force date be July 1, 2001, subject to transitional provisions, with full implementation of the National Instrument applicable in respect of meetings of securityholders held after December 31, 2001.

The purpose of the amendment is to extend the expiration date of the Rule from "December 31, 2000" to "December 31, 2001" in order to allow the Commission and other members of the Canadian Securities Administrators an appropriate time period to consider and respond to any comments in respect of the proposed National Instrument, including comments related to implementation, before finalizing the National Instrument.

###### Text of Amendment

The text of the amendment follows.

DATED: September 29, 2000

##### AMENDMENT TO ONTARIO SECURITIES COMMISSION RULE IN THE MATTER OF CERTAIN REPORTING ISSUERS [INCLUDING NATIONAL POLICY STATEMENT NO. 41]

- 1.1 **Amendment** - The Rule entitled *In the Matter of Certain Reporting Issuers* [including National Policy Statement No. 41] (1997), 20 OSCB 1219, as amended by (1999), 22 OSCB 152 and (2000), 23 OSCB 288, is amended by deleting "December 31, 2000" in the last sentence and replacing it with "December 31, 2001".

**5.1.2 Notice of Amendment to Rule under the Securities Act - in the Matter of Certain Reporting Issuers**

**AMENDMENT TO ONTARIO SECURITIES COMMISSION  
RULE  
IN THE MATTER OF CERTAIN REPORTING ISSUERS**

**NOTICE OF AMENDMENT  
TO RULE UNDER THE SECURITIES ACT  
IN THE MATTER OF CERTAIN REPORTING ISSUERS**

- 1.1 **Amendment** – The three Rules entitled *In the Matter of Certain Reporting Issuers* (1997), 20 OSCB 1218 and 1219, as amended by (1999), 22 OSCB 151 and (2000), 23 OSCB 289, are each amended by deleting “July 1, 2001” in the last sentence of each and replacing it with “July 1, 2002”.

**Notice of Amendments**

The Commission has, under section 143 of the *Securities Act* (the “Act”), amended three rules, each entitled *In the Matter of Certain Reporting Issuers* (1997), 20 OSCB 1218 and 1219, as amended by (1999), 22 OSCB 151 and (2000), 23 OSCB 289 (the “Rules”). The amendments extend the expiration date of each of the Rules from July 1, 2001 to July 1, 2002. These amendments, however, do not materially change the Rules and, accordingly, under section 143.2 of the Act, the Commission has not published the amendments for comment.

The amendments and the material required by the Act to be delivered to the Minister of Finance were delivered on September 27, 2000. If the Minister does not approve the amendments, reject the amendments, or return them to the Commission for further consideration by November 27, 2000, the amendments will come into force on December 11, 2000. If the Minister approves the amendments, they will come into force 15 days after they are approved.

**Substance and Purpose of Amendments**

The Rules replace the three deemed rules entitled *In the Matter of Certain Reporting Issuers* (1980), OSCB 166, *In the Matter of Certain Reporting Issuers* (1984), 7 OSCB 1913, and *In the Matter of Certain Reporting Issuers* (1984), 7 OSCB 3247.

Each of the Rules provides that it will expire on the earlier of the date on which a new rule intended to replace it comes into force and July 1, 2001. Given the complexity and urgency of the various matters currently before the Commission and staff resources, it has not been possible to publish for comment Proposed Rule 51-502, Exemptions from Continuous Disclosure Requirements for Certain Reporting Issuers, which is intended to replace the Rules. The Commission intends to publish Proposed Rule 51-502 for comment shortly. The purpose of the amendments is to extend the expiration date of each of the Rules from July 1, 2001 to July 1, 2002 in order to allow the Commission time to publish Proposed Rule 51-502, consider the comments received, if any, and finalize the Proposed Rule.

**Text of Amendments**

The text of the amendments follows.

DATED: September 29, 2000

**5.1.3 Notice of Amendment to Rule under the Securities Act - In the Matter of Regulation 1015, R.R.O. 1990, As Amended and in the Matter of Certain International Offerings by Private Placement in Ontario**

**NOTICE OF AMENDMENT  
TO RULE UNDER THE SECURITIES ACT**

**IN THE MATTER OF**

**REGULATION 1015, R.R.O. 1990, AS AMENDED**

**AND**

**IN THE MATTER OF**

**CERTAIN INTERNATIONAL OFFERINGS  
BY PRIVATE PLACEMENT IN ONTARIO**

**Notice of Amendment**

The Commission has, under section 143 of the *Securities Act* (the "Act"), amended the rule entitled *In the Matter of Regulation 1015, R.R.O. 1990, as amended and In the Matter of Certain International Offerings by Private Placement in Ontario* (1997), 20 OSCB 1219, as amended by (1998), 21 OSCB 4211 and (1999), 22 OSCB 3900 (the "Rule"). The amendment extends the expiration date of the Rule from July 1, 2001 to July 1, 2002. This amendment, however, does not materially change the Rule and, accordingly, under section 143.2 of the Act, the Commission has not published the amendment for comment.

The amendment and the material required by the Act to be delivered to the Minister of Finance were delivered on September 27, 2000. If the Minister does not approve the amendment, reject the amendment or return it to the Commission for further consideration by November 27, 2000, the amendment will come into force on December 11, 2000. If the Minister approves the amendment, it will come into force 15 days after it is approved.

**Substance and Purpose of Amendment**

The Rule replaced the deemed rule entitled *In the Matter of Regulation 1015, R.R.O. 1990, as amended and In the Matter of Certain International Offerings by Private Placement in Ontario* (1993), 16 OSCB 5931.

The Rule provides that it will expire on the earlier of the date on which a new rule intended to replace it comes into force and July 1, 2001. Commission staff initially consulted with certain market participants as to the need for the Commission to adopt a rule to replace the Rule. Based on these consultations, Staff was of the view that a replacement rule was not required. Staff subsequently received additional representations to the effect that a replacement rule would be of considerable utility.

The Rule provides relief from the requirement to provide a contractual right of action for certain international offerings by foreign issuers made in Ontario under the exemption

contained in clause 72(1)(c) or (d) of the Act. In addition, the Rule provides certain ancillary relief which facilitates these offerings. Recent amendments to the *Securities Act* ("More Tax Cuts for Jobs, Growth and Property Act, 1999") introduced new section 130.1 which provides for statutory civil liability for misrepresentations in offering memoranda. The Commission has decided not to reformulate the Rule as the Commission is of the view that the Rule will no longer be required to facilitate extending offerings to Ontario investors by private placement when contractual rights of action are replaced by statutory rights of action.

The Commission has recently published for comment Proposed Rule 45-501 Exempt Distributions (Revised) (the "Proposed Rule"). The Proposed Rule addresses the issue of statutory rights of action for misrepresentations in offering memoranda and accordingly, after the Proposed Rule becomes effective, the Rule will no longer be required. It is possible, however, that the Proposed Rule will not become effective before the Rule expires. The purpose of the amendment is to extend the expiration date of the Rule from July 1, 2001 to July 1, 2002 in order to allow sufficient time for the enactment of the Proposed Rule, including the consideration of that rule by the Commission, publication of the Proposed Rule for comment, consideration of comments received and review of the Proposed Rule by the Minister. For a more detailed explanation of the Proposed Rule, see the corresponding Notice recently published at 23, OSCB 6205. Since an extension of the Rule will ensure that relief from the requirement for a contractual right of action will continue until the enactment of the Proposed Rule, there is no need for a revision to Rule 45-501 providing for the application of a statutory right of action as described in the Notice to the Proposed Rule at p.6208. Accordingly, the last paragraph on p.6208 under the section "Certain International Offerings by Private Placement" is moot.

**Text of Amendment**

The text of the amendment follows.

**DATED:** September 29, 2000

**AMENDMENT TO ONTARIO SECURITIES COMMISSION  
RULE  
IN THE MATTER OF REGULATION 1015, R.R.O. 1990,  
AS AMENDED AND IN THE MATTER OF CERTAIN  
INTERNATIONAL OFFERINGS BY  
PRIVATE PLACEMENT IN ONTARIO**

- 1.1 Amendment** - The Rule entitled *In the Matter of Regulation 1015, R.R.O. 1990, as amended and In the Matter of Certain International Offerings by Private Placement in Ontario* (1997), 20 OSCB 1219, as amended by (1998), 21 OSCB 4211 and (1999), 22 OSCB 3900, is amended by deleting "July 1, 2001" in the last sentence and replacing it with "July 1, 2002".

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Chapter 6

**Request for Comments**

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## Chapter 7

# Insider Reporting

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This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see [www.carswell.com](http://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](http://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

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
07Sep00	ACEnetx Inc. - Special Warrants	700,000	500,000
05Sep00	Acuity Pooled Canadian Equity Fund - Units	150,000	6,920
24Aug00	AutoBranch Technologies Inc. - Common Shares	24,500	35,000
06Sep00	Bonham & Co. Inc. American High Risk Fund - Units	450,000	32,374
11Sep00	Burgundy Smaller Company Fund - Units	149,999	9,517
11Sep00	Burgundy Small Cap Value Fund - Units	150,000	4,345
18Sep00	Champion Bear Resources Ltd. - Special Warrants	150,000	187,500
11Aug00	CyberSight Acquisition Co. Inc. - Shares of Common Stock	150,000	75,000
14Sep00	East West Resources Corporation - Common Shares	1,875	12,500
31Aug00	Global Non-Tax Fund -	67,399,071	287,609
30Aug00	Golden Hope Mines Limited - Common Shares	200,000	400,000
13Sep00	Invetronics Limited - Special Warrants	8,567,010	3,650,794
31Aug00	Kingwest Avenue Portfolio - Units	323,327	16,729
31Aug00	Labopharm Inc. - Special Warrants	9,993,325	2,489,500
08Aug00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Global Equity Fund, Russell Overseas Equity Fund - Units	66,555	512
01Aug00	Lifepoints Achievement Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	65,367	460
22Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	5,530	41
03Aug00	Lifepoints Achievement Fund, Russell Canadian Equity Fund, Russell Global Equity Fund, Russell Overseas Equity Fund, Russell US Equity - Units	9,704	57
03Aug00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	45,434	349
09Aug00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	109,724	857
01Aug00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	14,078	112

**Notice of Exempt Financings**

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
27Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Overseas Equity Fund, Russell US Equity - Units	76,760	593
28Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Overseas Equity Fund, Russell US Equity - Units	76,760	593
05Aug00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	20,071	144
04Aug00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	238,639	2,995
28Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	12,694	103
09Aug00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	67,696	491
24Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	212,818	1,569
05Aug00	Lifepoints Achievement Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	101,890	805
31Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Global Equity Fund, Russell Overseas Equity Fund - Units	11,144	84
26Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	114,510	852
31Jul00	Lifepoints Opportunity Fund - Units	6,418	47
10Aug00	Lifepoints Opportunity Fund - Units	1,341	9
28Jul00	Lifepoints Opportunity Fund, Russell Canadian Equity Fund - Units	32,594	206
10Aug00	Lifepoints Opportunity Fund - Units	24,682	180
02Aug00	Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Global Equity Fund, Russell Overseas Equity Fund, Russell US Equity - Units	14,462,070	117,126
27Jul00	Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	14,580	111
31Jul00	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	136,756	1,050
07Sep00	Miramar Mining Corporation - Special Warrants	4,000,200	3,333,500
24Aug00	MTC Growth Fund I - Inc. - Shares	267,000	10,825
13Sep00	N5R.com Inc. - Common Shares	150,000	312,500
05Sep00	Rubicon Petroleum Inc. - Class A Common Shares	819,840	1,952,000
01Aug00	Russell Canadian Equity Fund - Units	20,929	89
01Aug00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund - Units	9,573,530	49,019
04Aug00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund - Units	3,667,388	24,435
28Jul00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund - Units	65,711,336	342,776
31Jul00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund - Units	52,718,149	375,257
03Aug00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund - Units	5,248,436	33,052

• **Notice of Exempt Financings**

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
02Aug00	Russell Canadian Equity Fund - Units	4,702,057	19,922
09Aug00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund - Units	574,241	3,809
26Jul00	Russell Canadian Equity Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Overseas Equity Fund, Russell Global Equity Fund - Units	6,196	44
25Jul00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Overseas Equity Fund, Russell U.S. Equity Fund, Russell Global Equity Fund - Units	33,035	258
24Jul00	Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund - Units	31,986	265
02Aug00	Russell Canadian Equity Fund - Units	5,782	24
01Aug00	Russell Canadian Equity Fund - Units	18,750	79
27Jul00	Russell Canadian Equity Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Opportunity Fund, Lifepoints Progress Fund - Units	102,020	616
28Jul00	Russell Canadian Equity Fund, Russell US Equity Fund, Lifepoints Opportunity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund - Units	58,631	424
08Aug00	Russell Canadian Equity Fund - Units	16,952,105	70,126
04Aug00	Russell Canadian Equity Fund, Russell Overseas Equity Fund, Lifepoints Opportunity Fund - Units	38,359	265
09Aug00	Russell Canadian Equity Fund, Russell US Equity, Russell Overseas Equity Fund, Lifepoints Achievement Fund - Units	57,404	262
02Aug00	Russell Canadian Equity Fund, Russell Overseas Equity Fund, Lifepoints Opportunity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund - Units	82,233	546
01Aug00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund - Units	212,852	1,357
08Aug00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Opportunity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund - Units	157,416	1,146
10Aug00	Russell Canadian Equity Fund, Russell Overseas Equity Fund, Lifepoints Opportunity Fund, Lifepoints Achievement Fund - Units	93,775	485
31Jul00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Achievement Fund - Units	234,727	1,414
24Jul00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Opportunity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund - Units	371,234	2,710
26Jul00	Russell Canadian Equity Fund, Lifepoints Opportunity Fund - Units	54,932	387
25Jul00	Russell Canadian Equity Fund, Russell US Equity Fund - Units	126,672	643
09Aug00	Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund - Units	500,000	3,959
27Jul00	Russell Canadian Fixed Income Fund, Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Global Equity Fund - Units	8,508	60
28Jul00	Russell Canadian Fixed Income Fund, Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Global Equity Fund - Units	2,744	21
08Aug00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund - Units	2,225,583	14,782

**Notice of Exempt Financings**

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
10Aug00	Russell Canadian Fixed Income Fund - Units	243,411	2,097
01Aug00	Russell Canadian Fixed Income Fund, Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Global Equity Fund, Russell Overseas Equity Fund, Russell US Equity - Units	16,744	117
03Aug00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund, Lifepoints Opportunity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund - Units	47,442	364
02Aug00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund - Units	20,000,000	110,811
09Aug00	Russell Canadian Fixed Income Fund, Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Global Equity Fund, Russell US Equity - Units	7,431	61
28Jul00	Russell Canadian Equity Fund - Units	4,265,000	18,144
24Jul00	Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund - Units	2,575,000	19,174
03Aug00	Russell Canadian Equity Fund - Units	11,800,000	49,964
01Aug00	Russell Canadian Equity Fund - Units	11,000,000	46,834
08Aug00	Russell Canadian Equity Fund, Russell Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund - Units	2,200,000	11,440
04Aug00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund - Units	9,530,000	49,605
01Aug00	Russell Overseas Equity Fund - Units	9,757	70
31Jul00	Russell US Equity Fund, Russell Overseas Equity Fund - Units	29,000,000	204,946
09Sep00	Sanford C. Bernstein U.S. Diversified Value Equity Fund - Units	392	12
29Aug00	Senco Sensors Inc. - Share Purchase Warrants	160,000	614,145
18Aug00	Shaw Group Inc., The - Common Shares	10,808,566	154,638
06Sep00	Sierra Investors B, L.P. - Limited Partnership Units	1,337,850	1,337,850
13Sep00	Skyservice Airlines Inc. - Special Warrants	20,700,000	8,280,000
31Aug00	Solar Investment Grade CBO I, Limited - Subordinated Notes due 2012	\$US24,200,000	\$24,200,000
11Sep00	SpaceBridge Networks Corporation - Series II Preferred Shares	10,250,000	1,281,250
07Sep00	Telepix Imaging Inc. - Class B Common Shares	1,263,000	10,202
11Sep00 to 15Sep00	Trimark Mutual Funds - Units (See Filing Document for Individual Fund Name)	1,718,296	203,498
31Aug00	Twenty First Century International Equity Fund - Units	150,000	18,068
31Aug00	Twenty First Century International Equity Fund - Units	150,000	18,068
31Aug00	Twenty First Century International Equity Fund - Units	1,100,000	132,502
31Aug00	Twenty First Century International Equity Fund - Units	200,000	24,091
31Aug00	Twenty First Century International Equity Fund - Units	150,000	18,068

**Resale of Securities - (Form 45-501f2)**

<u>Date of Resale</u>	<u>Date of Orig. Purchase</u>	<u>Seller</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
05Sep00	29Mar00	Investors Group Trust Co. Ltd. as Trustee for Investors Canadian Small Cap	Stratos Global Corporation - Common Shares	369,750	14,500
05Sep00	29Mar00	Investors Group Trust Co. Ltd. as Trustee for Investors Canadian Small Cap II	Stratos Global Corporation - Common Shares	267,750	10,500
05Aug00 to 22Aug00	24Feb00	Investors Group Trust Co. Ltd. as Trustee for Investors Global Science & Technology Fund	Wavve Telecommunications Inc. - Common Shares	397,772	151,400
17Aug00 to 22Aug00	24Feb00	Investors Group Trust Co. Ltd. as Trustee for Investors Summa Fund	Wavve Telecommunications Inc. - Common Shares	161,563	61,500
31Aug00 to 08Sep00	04Feb00	Investors Group Trust Co. Ltd. as Trustee for Investors Canadian Small Cap	The Xenos Group Inc. - Common Shares	78,798	14,200

**Reports Made under Subsection 5 of Subsection 72 of the Act with Respect to Outstanding Securities of a Private Company That Has Ceased to Be a Private Company -- (Form 22)**

<u>Name of Company</u>	<u>Date the Company Ceased to be a Private Company</u>
cs-live.com inc.	30Aug00
SPORTSCALCCOM LTD.	07Sep00

**Notice of Intention to Distribute Securities Pursuant to Subsection 7 of Section 72 - (Form 23)**

<u>Seller</u>	<u>Security</u>	<u>Amount</u>
Scanfield Holdings Limited	Abor Memorial Services Inc. - Class B Non-Voting Shares	15,000
Melnick, Larry	Champion Natural Health.com Inc. - Subordinate Voting Shares and Multiple Voting Shares	5,235, 100,000 Resp.
1286917 Ontario Inc.	CPI Plastics Group Limited - Common Shares and Stock Options	6,000,826, 54,000 Resp.
Belkin Enterprises Ltd.	Hillsborough Resources Limited - Common Shares	3,657,980
963037 Ontario Limited	Jetcom Inc. - Common Shares	3,000,000
Temple Ridge (1996) Limited	Kasten Chase Applied Research Limited - Common Shares	999,900
Gastle, Susan M.S.	Microbix Biosystems Inc. - Common Shares	290,000
J. D. Hill Investments Ltd.	Pason Systems Inc. - Common Shares	100,000
Malion, Andrew J.	Spectra Inc. - Common Shares	154,500
Faye, Michael R.	Spectra Inc. - Common Shares	154,500
Neolana Holdings Inc. C/O Andrew Benedek	ZENON Environment Inc. - Common Shares	5,800

**Chapter 9**  
**Legislation**

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THERE IS NO MATERIAL FOR THIS CHAPTER  
IN THIS ISSUE

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## Chapter 11

# IPOs, New Issues and Secondary Financings

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**Issuer Name:**

ARC Energy Trust  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated September 20th, 2000

Mutual Reliance Review System Receipt dated September 20th, 2000

**Offering Price and Description:**

\$75,725,000 - 6,500,000 Trust Units

**Underwriter(s), Agent(s) or Distributor(s):**

RBC Dominion Securities Inc.  
CIBC World Markets Inc.  
BMO Nesbitt Burns Inc.  
Scotial Captial Inc.  
National Bank Financial Inc.

TD Securities Inc.

Goepel McDermid Inc.

**Promoter(s):**

N/A

Project #299342

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**Issuer Name:**

AltaGas Services Inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated September 20th, 2000

Mutual Reliance Review System Receipt dated September 20th, 2000

**Offering Price and Description:**

\$250,000,000 - Medium Term Notes (Unsecured)

**Underwriter(s), Agent(s) or Distributor(s):**

Scotia Capital Inc.  
CIBC World Markets Inc.  
Merrill Lynch Canada Inc.  
BMO Nesbitt Burns Inc.  
RBC Dominion Securities Inc.  
Loewen, Ondaatje, McCutcheon Limited  
TD Securities Inc.

**Promoter(s):**

N/A

Project #299383

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**Issuer Name:**

Aquiline Resources Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Prospectus dated September 21st, 2000

Mutual Reliance Review System Receipt dated September 26th, 2000

**Offering Price and Description:**

N/A

**Underwriter(s), Agent(s) or Distributor(s):**

First Delta Securities Inc.

**Promoter(s):**

N/A

Project #300380

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**Issuer Name:**

Atlantic Systems Group Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Prospectus dated September 21st, 2000

Mutual Reliance Review System Receipt dated September 22nd, 2000

**Offering Price and Description:**

\$3,000,000 - 2,000,000 Units (Issuable upon the exercise of previously issued Special Warrants)

**Underwriter(s), Agent(s) or Distributor(s):**

Goepel McDermid Ltd.

**Promoter(s):**

N/A

Project #299673

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**Issuer Name:**

Caisse centrale Desjardins  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated September 26th, 2000

Mutual Reliance Review System Receipt dated September 26th, 2000

**Offering Price and Description:**

Bearer Discount Notes and Medium Term Certificates of Deposit

**Underwriter(s), Agent(s) or Distributor(s):**

N/A

**Promoter(s):**

N/A

Project #300529

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**Issuer Name:**

EnerVest Diversified Income Trust  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Prospectus dated September 25th, 2000  
Mutual Reliance Review System Receipt dated September 27th, 2000

**Offering Price and Description:**

\$5,000,000 to \$30,000,000 - \* Units

**Underwriter(s), Agent(s) or Distributor(s):**

Research Capital Corporation

**Promoter(s):**

N/A

**Project #300262**

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**Issuer Name:**

Great Basin Gold Ltd.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Prospectus dated September 18th, 2000  
Mutual Reliance Review System Receipt dated September 20th, 2000

**Offering Price and Description:**

\$10,000,000 - 5,000,000 Common Shares and 2,500,000 Warrants

**Underwriter(s), Agent(s) or Distributor(s):**

Loewen Ondaatje McCutcheon Limited

**Promoter(s):**

Robert G. Hunter  
Robert A. Dickinson

**Project #299100**

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**Issuer Name:**

IG FI Canadian Allocation Fund  
IG FI Canadian Equity Fund  
IG FI Global Equity Fund  
IG FI US Equity Fund  
Principal Regulator - Manitoba

**Type and Date:**

Preliminary Simplified Prospectus dated September 25th, 2000  
Mutual Reliance Review System Receipt dated September 26th, 2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

**Underwriter(s), Agent(s) or Distributor(s):**

Investors Group Financial Services Inc.  
Les Services Investors Limitee

**Promoter(s):**

Investors Group Financial Services Inc.

**Project #300216**

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**Issuer Name:**

MGI Software Corp.

**Type and Date:**

Preliminary Short Form PREP Prospectus dated September 21st, 2000  
Received September 21st, 2000

**Offering Price and Description:**

\$ \* - \* Common Shares

**Underwriter(s), Agent(s) or Distributor(s):**

Salomon Smith Barney Canada Inc.  
BMO Nesbitt Burns Inc.  
Octagon Capital Corporation  
Groome Capital.com Inc.

**Promoter(s):**

N/A

**Project #299628**

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**Issuer Name:**

Solar Trust  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated September 21st, 2000  
Mutual Reliance Review System Receipt dated September 25th, 2000

**Offering Price and Description:**

Commercial Mortgage Pass-Through Certificates, Series 2000-1

**Underwriter(s), Agent(s) or Distributor(s):**

TD Securities Inc.  
CIBC World Markets Inc.  
RBC Dominion Securities Inc.

**Promoter(s):**

TD Securities Inc.

**Project #299937**

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**Issuer Name:**

Sustainable Energy Technologies Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Prospectus dated September 18th, 2000  
Mutual Reliance Review System Receipt dated September 20th, 2000

**Offering Price and Description:**

**Underwriter(s), Agent(s) or Distributor(s):**

N/A

**Promoter(s):**

N/A

**Project #299123**

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**Issuer Name:**

Triax CaRTS Technology Trust  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Prospectus dated September 25th, 2000  
Mutual Reliance Review System Receipt dated September 26th, 2000

**Offering Price and Description:**

\$ \* - (Maximum) Capital Repayment Target Securities (\* CaRTS)

**Underwriter(s), Agent(s) or Distributor(s):**

TD Securities Inc.  
Merrill Lynch Canada Inc.

**Promoter(s):**

Triax Investment Management Inc.  
Triax Capital Holdings Ltd.  
Project #300394

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**Issuer Name:**

Trilon Financial Corporation  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated September 20th, 2000  
Mutual Reliance Review System Receipt dated September 21st, 2000

**Offering Price and Description:**

\$300,000,000 - Medium Term Notes (Unsecured)

**Underwriter(s), Agent(s) or Distributor(s):**

RBC Dominion Securities Inc.  
CIBC World Markets Inc.  
Scotia Capital Inc.  
TD Securities Inc.  
Merrill Lynch Canada Inc.  
HSBC Securities (Canada) Inc.  
Trilon Securities Corporation

**Promoter(s):**

N/A  
Project #299456

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**Issuer Name:**

Viking Energy Royalty Trust  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated September 21st, 2000  
Mutual Reliance Review System Receipt dated September 21st, 2000

**Offering Price and Description:**

\$20,500,000 - 2,500,000 Trust Units

**Underwriter(s), Agent(s) or Distributor(s):**

CIBC World Markets Inc.  
Merrill Lynch Canada Inc.  
BMO Nesbitt Burns Inc.  
Scotia Capital Inc.  
Goepel McDermid Inc.  
National Bank Financial Inc.

**Promoter(s):**

Viking Management Ltd.  
Project #299722

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**Issuer Name:**

Webhelp.com Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Prospectus dated September 20th, 2000  
Mutual Reliance Review System Receipt dated September 25th, 2000

**Offering Price and Description:**

US\$ \* - 5,500,000 Shares

**Underwriter(s), Agent(s) or Distributor(s):**

CIBC World Markets Inc.  
RBC Dominion Securities Inc.

**Promoter(s):**

N/A  
Project #299955

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**Issuer Name:**

Counsel Managed Portfolio (formerly Counsel Managed Fund)  
Counsel International Managed RSP Portfolio (formerly Counsel International Managed RSP Fund)  
Counsel Focus Portfolio

Counsel Focus RSP Portfolio

Counsel World Equity Portfolio

Counsel World Equity RSP Portfolio

Counsel Select Sector Portfolio

Counsel Select Sector RSP Portfolio

Counsel Money Market

Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Simplified Prospectus and Annual Information Form dated August 31st, 2000  
Mutual Reliance Review System Receipt dated 21st day of September, 2000

**Offering Price and Description:**

Mutual Fund Units - Net Asset Value

**Underwriter(s), Agent(s) or Distributor(s):**

Mutual Fund Securities - Net Asset Value

**Promoter(s):**

Counsel Group of Funds Inc.  
Project #276346

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**Issuer Name:**

AGF Managed Futures Value Fund (formerly AGF 20/20 Managed Futures Value Fund)

Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated September 21st, 2000

Mutual Reliance Review System Receipt dated 22nd day of September, 2000

**Offering Price and Description:**

**Underwriter(s), Agent(s) or Distributor(s):**

Blake C. Goldring  
William D. Cameron

**Promoter(s):**

Beatrice Ip  
Project #294767

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**Issuer Name:**

Image Sculpting International Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated September 19th, 2000  
Mutual Reliance Review System Receipt dated 20th day of  
September, 2000

**Offering Price and Description:**

**Underwriter(s), Agent(s) or Distributor(s):**

Northern Securities Inc.

**Promoter(s):**

Murray Watson  
Norman Farquhar  
Project #241820

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**Issuer Name:**

RioCan Real Estate Investment Trust  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated September 20th, 2000  
Mutual Reliance Review System Receipt dated 21st day of  
September, 2000

**Offering Price and Description:**

\$63,350,000.00 - 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

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**Issuer Name:**

Beutel Goodman Canadian Equity Fund  
Beutel Goodman Small Cap Fund  
Beutel Goodman Income Fund  
Beutel Goodman Balanced Fund  
Beutel Goodman Money Market Fund  
Beutel Goodman American Equity Fund  
Beutel Goodman International Equity Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form  
dated September 5th, 2000  
Mutual Reliance Review System Receipt dated 11th day of  
September, 2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

**Underwriter(s), Agent(s) or Distributor(s):**

Beutel Goodman Managed Funds Inc.

**Promoter(s):**

Beutel Goodman Managed Funds Inc.  
Project #286151

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**Issuer Name:**

Beutel Goodman Canadian Intrinsic Fund  
Beutel Goodman Long Term Bond Fund  
Beutel Goodman Corporate/Provincial Active Bond Fund

**Type and Date:**

Final Simplified Prospectus and Annual Information Form  
dated September 11th, 2000  
Received 21st day of September, 2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

**Underwriter(s), Agent(s) or Distributor(s):**

Beutel Goodman Managed Funds Inc.

**Promoter(s):**

Beutel Goodman Managed Funds Inc.  
Project #286149

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**Issuer Name:**

Janus American Equity Fund  
Janus Global Equity Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form  
dated September 8th, 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):**

Investors Group Financial Services Inc.  
Investors Group Securities Inc.  
Les Services Investors Limitee

**Promoter(s):**

N/A  
Project #282596

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**Issuer Name:**

Opus 2 Direct Canadian Growth Equity Pool  
Opus 2 Direct Canadian Value Equity Pool  
Opus 2 Direct Canadian Fixed Income Pool  
Opus 2 Direct Canadian Money Market Pool  
Opus 2 Direct U.S. Growth Equity Pool  
Opus 2 Direct U.S. Value Equity Pool  
Opus 2 Direct Foreign Equity (E.A.F.E) Pool  
Opus 2 Direct Foreign Equity (RSP) Pool  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form  
dated September 15th, 2000  
Mutual Reliance Review System Receipt dated 21st day of  
September, 2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

**Underwriter(s), Agent(s) or Distributor(s):**

Opus 2 Securities Inc.

**Promoter(s):**

Opus 2 Direct.com Inc.  
Project #287969

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## Chapter 12

# Registrations

### 12.1.1 Securities

Type	Company	Category of Registration	Effective Date
Change of Name	BNP Paribas Securities Corp. Attention: James C. Davis 152928 Canada Inc. Commerce Court West Suite 5300, P.O. Box 85 Toronto, ON M5L 1B9	From: Paribas Corporation  To: BNP Paribas Securities Corp.	Sept 5/00
New Registration	Berenson Minella & Company Limited c/o GODA Incorporators Inc. Attention: Joel S. Schachter 250 Yonge Street, Suite 2400 Toronto, ON M5B 2M6	Limited Market Dealer	Sept 25/00
New Registration	Maxxcap Corporate Finance Inc. Attention: Carol Susan Perry 105 Adelaide Street West Suite 904 Toronto, ON M5H 1P9	Limited Market Dealer	Sept 26/00
New Registration	Magnolia Lane Financial Corp. Attention: Warren Bradley Fergus 1258 Old Carriage Way Oakville, ON L6M 2E4	Limited Market Dealer	Sept 25/00
New Registration	Leyland, Mclachlan Advisory Group Incorporated Attention: Douglas George Leyland 5353 John Lucas Drive Burlington, ON L7L 6G5	Broker/Investment Dealer Equities	Sept 19/00
Registration of Trade Names	AFP Wealth Management Inc. Attention: Gary Fernand Legault 20 Erb St. W. Suite 800 Waterloo, ON N2L 1T2	Stevenson Dusome Financial Group Murtaugh Smith Financial The Insurers Financial Group Dalton Timmis	Sept 21/00

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## Chapter 13

# SRO Notices and Disciplinary Proceedings

### 13.1 SRO Notices and Disciplinary Decisions

#### 13.1.1 Trading in Penny Increments - Request for Comments

**REGULATORY NOTICE**  
**No. 2000-029**  
**September 22, 2000**

*Suggested Routing: Trading, Legal & Compliance*

#### **REQUEST FOR COMMENTS**

##### **Trading in Penny Increments**

On September 19, 2000, the Board of Directors of The Toronto Stock Exchange Inc. (the "Exchange") approved amendments to the Rules and Policies of the Exchange to provide for the trading in \$0.01 increments ("pennies") for listed securities selling at \$5.00 or more.

The changes to the Rules and Policies will be effective on a date to be determined by the Exchange upon approval of the changes by the Ontario Securities Commission following public notice and comment. Comments on the changes to the Rules and Policies should be in writing and delivered within 30 days of the date of this notice to:

James E. Twiss  
Legal and Policy Counsel  
Regulatory & Market Policy  
The Toronto Stock Exchange  
2 First Canadian Place  
Toronto, Ontario. M5X 1J2  
Fax: (416) 947-4398  
e-mail: jtwiss@tsers.com

A copy should also be provided to:

Randee Pavalow  
Manager, Market Regulation  
Capital Markets Branch  
Ontario Securities Commission  
Suite 800, Box 55,  
20 Queen Street West  
Toronto, Ontario. M5H 3S8  
Fax: (416) 593-8240

### SUMMARY OF AMENDMENTS

#### *CURRENT TRADING INCREMENTS*

Rule 4-404 presently provides that listed securities selling at \$5.00 and over trade in increments of \$0.05. Securities selling at \$0.50 and under \$5.00 presently trade in penny increments. Securities selling at under \$0.50 trade in increments of \$0.005 ("half-pennies").

#### *DEVELOPMENTS IN US MARKETS*

On June 8, 2000, the Securities and Exchange Commission (SEC) ordered all equity and option markets in the United States, including The Nasdaq Stock Market Inc., to act jointly in planning, developing and submitting to the SEC a plan to begin phasing in decimal pricing in equity securities and options. This plan was submitted to the SEC on July 24, 2000 and proposed implementation in four phases.

Phase I of the plan began on Monday, August 28, 2000 when seven issues on the New York Stock Exchange and six issues on the American Stock Exchange started to be quoted and traded in decimals with a "minimum price variation" of a penny. In Phase II of the plan, which is scheduled to begin on September 25, 2000, an additional 50 to 100 exchange-listed equity issues will be quoted and traded in decimals with a minimum price variation of a penny. In early November, an evaluation will be conducted of the impact of decimal trading. Depending on the results of the evaluation, if the market is not at risk, the exchanges will (according to information on the implementation plan released by Nasdaq) "likely be very inclined to go to decimal pricing for all listed stocks immediately. If there is some evidence that investors are confused or there are other systems problems, the industry will not move to implement decimal pricing in all listed stocks at that point".

In Phase III of the Plan which will commence on or before March 12, 2001, approximately 10 to 15 Nasdaq equity issues will quote and trade in decimals. As at the end of August 2000, the minimum price variation for these quotations on Nasdaq had not been determined. Finally, if the results of the previous three phases are satisfactory, full implementation of decimal trading for all markets will begin on or before Monday, April 9, 2001.

### DISCUSSION OF PROPOSED AMENDMENTS

#### *Regulatory Issues*

##### 1. *Impact on Investors*

Based on the experience of the Exchange from 1995 when trading increments moved from "eighths" to "nickels" for securities selling at prices of \$5.00 or more, spreads generally declined which was a benefit to investors and issuers and a disadvantage to dealers and market makers. The displayed

size at the bid and the offer was also reduced. However, there was little discernible impact on the volume of trading and the total depth of the market remained constant.

**2. Market Quality**

In theory, smaller trading increments should result in more efficient pricing. However, the fact that an order can top an existing bid or offer by only 1 cent and thereby gain priority may be a disincentive to place orders in the Book. If fewer orders are placed in the Book, less efficient pricing will occur. In part, the Exchange has moved to encourage orders in the Book with the introduction of the new trading fee schedule on June 1, 2000 which exempted orders in the Book from trading fees

**3. Impact on Price Priority**

Wider spreads discourage traders from improving the market, as the price to do so is too high. However, a penny spread would arguably make improving the market too easy. Anyone would be able to step ahead of a bid or offer at negligible cost. Investors would be expected to avoid showing size, or showing their orders at all, as others could easily use that information to step ahead of the order. The proposed undisclosed volume and anonymity feature, approved by the Board in December of 1999 but not yet implemented, should decrease these possibly negative effects. (Reference is made to Regulatory Notice 99-041 dated December 17, 1999 entitled "Introduction of Anonymous Trading and Undisclosed Volume").

**4. Impact on Market Making**

If the Exchange adopts pennies, this move is likely to impact significantly on the current market making system. In the past, those Registered Traders ("RTs") who have been polled on the issue of pennies have indicated that they would give up their stocks of responsibility and firms would reduce their commitment to market making. If the RTs were to respond in this manner, the guarantee of execution on MGF orders and execution of odd lots would be at risk. If the TSE moves to pennies, the trading spread may not be profitable for RTs to maintain a liquid market for stocks. Moreover, with such a small spread, it will be expensive for RTs to fulfil their odd-lot obligations.

The Exchange is presently examining market making responsibilities and the role of RTs. The impact of pennies will be part of this analysis.

**5. Delayed Openings**

Currently under Rule 4-702(2)(a), the Responsible RT is able to delay the opening of a security for trading if the calculated opening price ("COP") differs from the previous closing price for the security by greater than ten ticks (\$0.50) for securities trading at or above \$5.00 and fourteen ticks for securities trading below \$5.00 (being \$0.14 for securities at \$0.50 and above and \$0.07 for securities trading below \$0.50). To reflect a move to penny increments and to provide for a more graduated threshold, the Exchange proposes that a Responsible RT could request a delay if the COP differs from the closing price by the greater of 5% of the previous closing price and \$0.05. The Responsible RT would still have the ability under Rule 4-702(2)(b) to request a delay if the COP is

less than the permitted difference but is otherwise unreasonable.

**BUSINESS ISSUES**

**1. Competition from US Markets and ATSS**

Based on the implementation schedule for the move to decimalization in the United States, exchange-listed issues could be trading in penny increments as early as November of 2000. Given the number of inter-listed securities, the Exchange must be in a position to match the lower trading increments in order to provide the "best market".

In addition, it should be noted that the "framework" trading rules which are presently proposed by the Canadian Securities Administrators for the operation of Alternative Trading Systems ("ATSS) do not address the issue of trading increments. The increments at which stocks are quoted would be a business decision of the individual ATS so long as the effect of the increments does not adversely impact on the market integrity of the trades executed by the ATS. Quoting stocks at as small an increment as possible could be a valuable incentive to attract customers. Once operational, an ATS may adopt penny or smaller trading increments.

**2. Market Displays**

The Exchange currently provides real time display of the 5 best bids and offers for each listed security in its Market by Price displays. These displays would likely be insufficient in a penny environment since the information generally available to the market would not have sufficient depth or variance in spread. The Exchange is presently in the process of restructuring the means by which it disseminates market information. Instead of providing a set data feed, such as the "Market by Price" display, the Exchange will provide raw data to vendors who will build displays, whether market by price, by order or by broker.

**3. Impact on the Exchange's Trading System**

The trading system of the Exchange presently handles trading in pennies. As such, no systems changes will be required to implement the introduction of penny increments for stock trading at \$5.00 and above. Based on the experience of the Exchange with decimalization in 1995, the Exchange would expect that the overall volume of orders entered into the trading system may increase by 10% to 15%. However, the Exchange does not anticipate any significant impact on the overall volume of trading or the depth of the market.

The Exchange's system currently has the capacity to handle a move to penny trading increments. However, there is an industry concern as to the capacity of the systems of data vendors to be able to handle the increase in volume that would accompany a general move by North American equity and derivative markets to penny increments. In part, this concern is reflected in the tentative nature of the timetable to the move to decimal trading in the United States.



**TEXT OF AMENDMENTS TO THE RULES AND POLICIES**

Appendix "A" is the text of the amendments to the Rules and Policies respecting Trading in Penny Increments as passed by the Board of Directors of the Exchange on September 19, 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

## 13.1.2 CDNX Bulletin Regarding the Transfer of Certain CDN Quoted Companies

BULLETIN TYPE: Miscellaneous

BULLETIN DATE: September 27, 2000

Tier 3 Companies

Effective at the opening Monday, October 02, 2000, the shares of the following companies will commence trading on CDNX on Tier 3. These companies are presently quoted on The Canadian Dealing Network Inc. and will be transferred to the newly created Tier 3 on the Canadian Venture Exchange. Effective the close of business on Friday, September 29, 2000, these companies will no longer be quoted on The Canadian Dealing Network Inc.

PREVIOUS CDN SYMBOL	NEW CDNX SYMBOL	COMPANY NAME	CUSIP NUMBER
SEVO	YSE	701.com Corp.	81784P106
AECF.A	YAE.A	A & E Capital Funding Inc. mv cl A	000027201
AECF.B	YAE.B	A & E Capital Funding Inc. sv cl B	000027300
AAEX	YAA	Aavdex Corporation	002923100
ACTF.U	YAC.U	ActFit.com Inc.	00503P106
AAGM	YAG	Akrokeri-Ashanti Gold Mines Inc.	009909102
ALGN	YAN	Allegiance Equity Corp.	01747L109
AFGI	YFG	Alliance Financing Group Inc.	01920P109
ALFG	YLF	Alpha Group Industries Inc.	020934105
ARUS	YAR	Arius Research Inc.	040454100
ARUS.WT.A	YAR.WT.A	Arius Research Inc. wt A	040454118
ARUS.WT.B	YAR.WT.B	Arius Research Inc. wt B	040454126
ARLL	YRL	Arlington Resources Inc.	041908104
ATNL	YTN	Asian Television Network International Limited	044919108
ASRG.U	YAS.U	Aspen Group Resources Corp.	045297108
ASQH	YAQ	Asquith Resources Inc.	044916104
AMSS	YMS	Asset Management Software Systems Corp.	04543J104
ASGT	YGT	Atlantic Systems Group Inc.	048909105
AVLL	YAV	AVL Information Systems Ltd.	00239D203
BACT	YBA	Bachtech Enviromet Corporation	056440100
BNRS	YBN	Banro Resource Corporation	066909102
BLKP	YBL	Black Pearl Minerals Consolidated Inc.	092157106
BLDR	YBR	Boulder Mining Corporation	101904100
BRND	YRN	BrandEra.com Inc.	105261101
BZIN	YBZ	Brazilian Resources Inc.	105913107
BRCC	YRC	BRC Development Corporation	05565C109
BWNI	YBW	Brownstone Resources Inc.	115901100
BOCL	YBO	Buffalo Oil Company Limited	119917102
CAML	YCL	Canadian Arrow Mines Limited	135343101
CTXE	YCT	Cantex Energy Inc.	137920104
CAPN	YCP	Capture.Net Technologies Inc.	14074T108
CARM	YCM	Carma Financial Services Corporation	143115103
CDNT	YDN	CDNet Canada Inc.	14983U105
CIGD	YCI	Citadel Gold Mines Inc.	172855108
CLNV	YLN	CLN Ventures Inc.	125951103
COML	YOM	Columbia Metals Corporation Limited	197801103
CGFI	YGF	Condor Gold Fields Inc.	206919102
CQRS	YQR	Conquest Resources Limited	208287102
CTLG	YTL	Consolidated Thompson-Landmark Gold Mines Limited	21021H103
CUHL	YCU	Copper Hill Corporation	217906106
CRMT	YCY	CRMnet.com Inc.	226776102
FOAM	YFO	Cymat Corp.	23256N102
DDTS	YDD	Davidson Tisdale Ltd.	238653109
DSBM	YDB	Destorbelle Mines Ltd.	250636107

**SRO Notices and Disciplinary Decisions**

PREVIOUS CDN SYMBOL	NEW CDNX SYMBOL	COMPANY NAME	CUSIP NUMBER
DCKK	YDC	Dotcom 2000 Inc.	25848R103
EWMI	YEW	E.W.M.C. International Inc.	268937109
LETL.U	YLE.U	EleTel Inc.	285911103
EAGI	YEG	Emerging Africa Gold (EAG) Inc.	290924109
ENBL	YNR	eNblast Productions Inc.	29250U109
EPSL	YPS	Engineering Power Systems Limited	292959202
ENPR	YNE	Enpar Technologies Inc.	293553103
EPCI	YPC	EP 2000 Conservation Inc.	268944105
EGRI	YGR	European Gold Resources Inc.	298773102
FARE	YFA	Fareport Capital Inc.	306908104
FIST	YFI	First Strike Diamonds Inc.	337108104
FTMX	YFT	Footmaxx Holdings Inc.	344910203
FORS	YOR	Forsys Corporation	34659E102
FNEV.WT.B	YFN.WT.B	Franco-Nevada Mining Corporation Limited wt B	351860168
FUNZ	YUN	Funtime Hospitality Corp.	361014103
GOLI	YGO	Galaxy Online Inc.	36318D102
GAST	YGA	Gastar Exploration Ltd.	367299104
GSTR	YGS	Gemstar Communications Inc.	36866M108
GEVE.U	YGE.U	GeneVest Inc.	372273102
GSPR	YGP	Gibraltar Springs Capital Corporation	374907103
GDRE	YGD	Goderich Elevator Limited	380280107
RAMG	YRA	Golden Gram Resources Inc.	380972109
GNHM	YGH	Golden Hope Mines Ltd.	380926105
GEYE	YGY	Goldeye Explorations Ltd.	380983106
GFNP	YNP	GolfNorth Properties Inc.	381922103
GRAM	YSK	Gram Minerals Corp.	384810107
GGFI	YGI	Guyana Goldfields Inc.	403909203
HOFL	YHO	H.O. Financial Limited	404255705
HTRN	YHT	Hall Train Entertainment Inc.	405902107
HRTL	YHL	Heartland Resources Inc.	421957101
HIAM	YHI	High American Gold Inc.	429914104
HBBY	YHB	Hornby Bay Exploration Ltd.	440916104
HUCM	YHU	Hucamp Mines Ltd.	443582101
IFTR	YIF	iFuture.com Inc.	449523109
IDEI	YID	Independent Enterprises Inc.	453847105
IQNI	YQN	iQuest Networks Inc.	46264V105
EYEC	YEV	Isee3D Inc.	464280106
IWAV	YIW	iWave.com Inc.	46600Y102
JVAJ	YJV	Java Joe's International Corporation	471904102
JTCM	YJT	Jetcom Inc.	476908108
KARM	YKA	Karmin Exploration Inc.	485663108
KAYO	YKY	Kayo Management Ltd.	486609100
KNBR	YKB	Kinbauri Gold Corp.	49449B101
KINK	YKK	King Products Inc.	495904104
KXCI	YKX	Kingscross Communities Incorporated	496276106
KRGT	YKT	KRG Television Limited	482658101
KBON	YKO	Krystal Bond Inc.	500920103
LAKO	YLA	Lakota Resources Inc.	512900101
LSCM	YLS	Langis Silver & Cobalt Mining Company Limited	515768109
LEDR	YDE	Leader Capital Corp.	52168T105
LFTK	YLT	LifeTech Corporation	531938108
MACO	YMA	Macdonald Oil Exploration Ltd.	553908104
MGAC.U	YMY.U	Magnesium Alloy Corporation	558914107
MAPM	YPA	Maple Minerals Inc.	564908101

**SRO Notices and Disciplinary Decisions**

PREVIOUS CDN SYMBOL	NEW CDNX SYMBOL	COMPANY NAME	CUSIP NUMBER
MTLP	YTP	Material Protection Technologies Inc.	57668A100
MCKM	YMK	MCK Mining Corp.	55268V102
MPII	YPI	Medical Pathways International Inc.	58462G103
MELN	YMM	Melanesian Minerals Corporation	584978100
MRCH	YMR	Merch Performance Inc.	587901109
MSLV	YVV	Microsolve Computer Capital Inc.	594968109
MGEM	YGL	MineGem Inc.	602735102
MTWS	YMW	MTW Solutions Online Inc.	553909102
MWTM	YWM.A	Multimedia WTM Corp. sv cl A	62545D301
MMIN	YMU	Mustang Minerals Corp.	628198103
NFTX	YNF	Naftex Energy Corporation	629919101
NTLI	YNC	Neotel Inc.	64064P103
NBOB.U	YBB.U	Nevadabobs.com Inc.	64151C106
NADI	YND	North American Detectors Inc.	656918109
NHGI	YNH	Northampton Group Inc.	66360N104
NHGI.DB	YNH.DB	Northampton Group Inc. 9% cv db	66360NAA2
NFDC.A	YFD.A	Northfield Capital Corporation cl A	66611D103
NCRL	YUL	Nucanolan Resources Ltd.	67019T104
ODYS	YOD	Odyssey Resources Limited	P73515101
ODIZ	YDI	Online Direct Inc.	68272V109
OHSP	YOH	Ontario Hose Specialties Inc.	682916101
PJET	YPJ	Partner Jet Corp.	701905101
PRHL	YPR	Pearl River Holdings Limited	704914100
PEAT	YPE	Peat Resources Limited	70503E104
PELE	YPN	Pele Mountain Resources Inc.	705907103
PFNG.A	YPF.A	Petroflow Energy Ltd.	715918108
PINC	YPO	Phonetime Inc.	71921K102
PIFR	YFP	Pifher Resources Inc.	720898105
PREQ	YPQ	Prism Equities Inc.	742967102
PRBM	YPB	Probe Mines Limited	742667108
PALL	YRP	Prospectors Alliance Corporation	743971103
QDRA.U	YQD.U	Quadra Resources Corp.	746936103
MELT	YRD	Radiant Energy Corporation	749931101
RALY	YRY	Rally Energy Corp.	750913105
RAMP	YRH	Rampart Mercantile Inc.	75157H204
RCHO.A	YRU.A	Richco Investors Inc. mv cl A	76329P306
RCHO.B	YRU.B	Richco Investors Inc. sv cl B	76329P207
RGRI	YRW	Romios Gold Resources Inc.	775904105
SXXT.U	YSX.U	Sextant Entertainment Group Inc.	818527103
SIRT	YSR	Sirit Technologies Inc.	82966K105
GRAM	YSK	Slovakian Gram Minerals Corp.	831915103
SGMS	YSS	Software Gaming Corp.	833985104
SSTR	YSO	Southern Star Resources Inc.	843905100
SPTN	YSP	Sparton Resources Inc.	847243102
SPRG	YSC	Spruce Ridge Resources Ltd.	85290C103
SECO	YSZ	Strategic Energy Corporation	862928108
SVII	YSQ	Strategic Vista International Inc.	862927100
STRK	YKS	Strike Minerals Inc.	86331P103
TEMX	YTM	Temex Resources Corp.	87971U105
CFGL	YCF	The CanFibre Group Ltd.	13753R102
EPRO	YEP	The E21 Group Inc.	297880106
GRFN	YRF	The Griffin Corporation	397914102
INUF	YUF	The InfoUtility Corporation	45681P105
TOMA	YTI	TomaNet Inc.	889909206

**SRO Notices and Disciplinary Decisions**

PREVIOUS CDN SYMBOL	NEW CDNX SYMBOL	COMPANY NAME	CUSIP NUMBER
TOMA.A	YTI.A	TomaNet Inc. cl A	889909107
TOXN	YTX	Toxin Alert Inc.	892260100
TOXN.WT.A	YTX.WT.A	Toxin Alert Inc. wt A	892260118
TOXN.WT.B	YTX.WT.B	Toxin Alert Inc. wt B	892260126
TRNP	YTQ	Transpacific Resources Inc.	893900100
TRET	YTS	Treat Systems Inc.	89464D103
TXTX	YTG	Triarx Gold Corporation	895940104
TNTH	YTZ	TriNexus Holdings Ltd.	896290103
TPSL	YTW	TriTec Power Systems Ltd.	89675N106
TPIL	YTK	Tropika International Limited	896935202
UMAJ	YMJ	Ursa Major Minerals Incorporated	91728F106
VMCO	YVM	Verena Minerals Corporation	922931100
VFCO.U	YVF.U	Videolicks.com Inc.	92657X100
WLTR	YWL	Walters Consulting Corporation	93321M108
WSCO	YWS	Waseco Resources Inc.	936900109
WEBE	YWE	WebEngine Corporation	947626107
WDMM.PR.B	YWD.PR.B	Windy Mountain Explorations Ltd. nv pr B	97381T200
WOLF	YWO	Wolfden Resources Inc.	977752104
WOLL	YWN	Wollasco Minerals Inc.	977903103
WWTI	YWW	World Wise Technologies Inc.	98155C100
ZNDA	YZN	Zenda Capital Corp.	988914107
ZLIN	YZL	Zlin Aerospace Inc.	989924600
ZTST	YZT	ZTEST Electronics Inc.	989930102

APPENDIX "A"

PROPOSED AMENDMENTS TO THE RULES AND  
POLICIES  
RESPECTING TRADING IN PENNY INCREMENTS

THE RULES  
of  
THE TORONTO STOCK EXCHANGE

The Rules of The Toronto Stock Exchange are hereby amended by:

1. Repealing Rule 4-404 and substituting the following:  
  
Until otherwise fixed by the Board, orders for listed securities shall only be entered on the Exchange at the following price increments:  
  

	Increment
Selling under \$0.50 .....	\$0.005
Selling at \$0.50 and over.....	\$0.010
2. Rule 4-702(2)(a) is amended by striking out "ten ticks for securities trading at or above \$5.00 and fourteen ticks for securities trading below \$5.00" and inserting "the greater of 5% of the previous closing price for the security and \$0.05".

THIS RULE AMENDMENT MADE this 19<sup>th</sup> day of September, 2000 to be effective on such date as determined by the Exchange following approval of this amendment by the Ontario Securities Commission.

\_\_\_\_\_  
Daniel F. Sullivan, Chair

\_\_\_\_\_  
Leonard P. Petrillo, Secretary

13.1.3 Sharon Gill

IN THE MATTER OF THE INVESTMENT DEALERS  
ASSOCIATION OF CANADA

AND SHARON GILL

DECISION OF THE ONTARIO DISTRICT COUNCIL

District Council:

The Honourable Robert Reid, Q.C., Chair  
Hugh McNabney, Member  
Michael Walsh, Member

Appearances:

Grace Hession  
for the Investment Dealers Association of Canada

Sharon Gill  
Self-represented

Decision and Reasons

The hearing in this matter occurred on June 12, 13, 14, 2000 pursuant to a Notice of Hearing dated January 31, 2000.

The Notice of Hearing, which includes particulars, is attached hereto as Appendix 'A'. Mrs. Gill did not file a reply.

The Notice of Hearing sets out the following counts.

**Count 1:** On or about November 03, 1993, Sharon Gill, while a Registered Representative of a Member of the Association, failed to use due diligence to learn the essential facts relative to every customer and to every account accepted by not updating the New Account Application form for the Canalux account, contrary to Regulation 1300.1(a).

**Count 2:** Between October 25, 1993 and August 31, 1994, Sharon Gill, while a Registered Representative of a Member of the Association, failed to use due diligence to ensure that the recommendations made for the account of a client were appropriate for the client and in keeping with the investment objectives of both the Canalux account and the Keefer account, contrary to Regulation 1300.1(c).

**Count 3:** Between October 25, 1993 and August 31, 1994, Sharon Gill, while a Registered Representative of a Member of the Association, failed to use due diligence to ensure that recommendations made for the account of a client were appropriate for the client and in keeping with her investment objectives by degrading the overall quality of the Canalux portfolio, contrary to Regulation 1300.1(c).

**Count 4:** On February 8, 1994 Sharon Gill, while a Registered Representative of a Member of the Association, failed to use due diligence to ensure that the recommendations made for any account are appropriate for the client by failing to conduct a cost benefit analysis of the crystallization of capital gains transactions in the Keefer account, contrary to Regulations 1300.1(c).

## SRO Notices and Disciplinary Decisions

**Count 5:** On March 21, 1994, Sharon Gill, while a Registered Representative of a Member of the Association, failed to observe high standards of ethics and conduct in the transaction of her business by disclosing confidential information in relation to a client's account, contrary to By-law 29.1(i).

**Count 6:** On July 10, 1995, Sharon Gill, while a Registered Representative of a Member of the Association, engaged in business conduct which is unbecoming and detrimental to the public interest by commingling her client Bernd Karr's assets with her own assets in her private account, contrary to By-law 29.1(ii).

**Count 7:** On May 04, 1995, Sharon Gill, while a Registered Representative of a Member of the Association, failed to observe high standards of ethics and conduct in the transaction of her business by failing to disclose her power of attorney over a client's account to her employer, contrary to By-law 29.1(i).

### Counts 1 and 2

Mrs. Gill has conceded counts 1 and 2.

### Count 3

The investment objectives for the Canalux Trading Limited account were set out in a New Account Application Form (NAAF) dated 25 October, 1993 and a letter to Mrs. Gill dated 3 November, 1993 from Cecilia Keefer, Vice-President of Canalux. The NAAF states the investment objectives to be 50% security, 25% income and 25% growth. There was no provision for risk.

The letter of 3 November stated:

As discussed with you on the telephone, I am writing to confirm that I would like you to invest the surplus cash funds of the company in safe income earning investments so as to earn a reasonable amount of income while preserving the capital.

I understand you will be considering Government of Canada Treasury Bills, short term (i.e. 1-3 years) bonds of the Government of Canada or Provincial Governments and preferred shares of the Canadian Chartered Banks denominated in Canadian or U.S. funds. It would also be acceptable to invest the money in reputable mutual funds which have these types of investment holdings.

I would ask that you call to advise me beforehand and send copies of the investment advices to Peter Hyde at Deloitte & Touche our accountants, as well as to me confirming the transactions.

I would like your company to hold the investments in safekeeping for the company's Account and ask that you send monthly statements to me at this address, as well as a copy to Deloitte & Touche to the attention of Peter Hyde.

If you have any questions concerning these instructions, please call me.

The evidence before us is that Mrs. Gill executed a series of trades (see Exhibit 2, Tabs 9, 10 and 11). We will not detail all of them but one example was the sale of Templeton Global Income Fund and purchase in its place of the Initial Public Offering of Templeton Emerging Markets Appreciation Fund. This fund's prospectus declares that it is: ".....for investors seeking long term capital appreciation.....". It further states: "Due to the nature of investing in emerging market countries, an investment in the fund should be considered speculative". The risks are then set out.

While we accept that the Templeton Global Income Fund was within the client's investment objectives, we do not consider the same to be true for the Emerging Markets Fund. Indeed, this investment was blatantly at odds with the client's investment objectives, particularly as set out in the 3 October letter, which emphasized "safe income earning investments" and "preserving capital" and the NAAF, which specified "no risk".

There were other examples of switches from investments that were within the investment objectives into investments which were clearly not. Another example was the switch of Toronto Dominion Bank Preferred Shares for New Altamira Value Fund. In light of these and similar transactions placed in evidence before us, we are satisfied that on many occasions, Mrs. Gill executed transactions that were outside of her client's stated objectives. We therefore find that she failed, as charged in count 3, "to use due diligence to ensure that recommendations made for the account were appropriate for the client and in keeping with the client's investment objectives." We therefore find that count 3 has been established.

### Count 4

Again, Mrs. Gill accepts that the transaction, which was the basis for this count, did occur. The crystallization of capital gains at the time was not in itself unusual or inappropriate given the general concern that the Income Tax Act might be revised to remove or diminish the capital gains exemption. There was therefore a great deal of trading in the securities industry in anticipation of that prospect. There was therefore nothing inappropriate in the crystallization itself.

However, the tax saved by completing the transaction was \$1,179.17 while the commission charged was \$2,812.71. This was a result of the regular commission rate of \$250.00 for each transaction being imposed, notwithstanding that the Branch Manager had dropped the rate on such transactions to \$125.00.

Mrs. Gill says that she attempted to ensure that the lower rate would be charged. She points to a note left in the client's file stating: "Please do the round trip on (this account) at \$125.00 each way." This note is dated February 1, 1994. It became Exhibit 7 on this hearing. Commissions at the \$250.00 rate were paid to her on the 8<sup>th</sup> of February.

Mrs. Gill left the Branch on long-term disability in July, 1995. In her view, she gave adequate instructions but the instructions simply were not carried out. In our respectful view, this charge has not been established. While the Branch Manager had given Registered Representatives a discretion to charge a lower than regular commission, failure to charge a

lower commission would not in itself be inappropriate. We accept that Mrs. Gill attempted to impose the lower commission rate but her instructions were simply not carried out by others. The essence of the charge is that she failed to do a cost benefit analysis, which would have shown that at the higher commission rate, the transaction was detrimental to the client's interest. Yet, if we accept Mrs. Gill's explanation, it was never intended that the higher commission be charged. There was therefore no call for the preparation of the cost benefit analysis.

Count 4 is therefore dismissed.

#### **Count 5**

There is no question that Mrs. Gill attended a creditors' meeting in the bankruptcy of a friend and client (Healy). There is no question that while at this meeting she revealed the existence of an account that she had set up for a Healy child while acting as the Healys' Registered Representative.

Her explanation was that she believed that she was under oath and obliged to reveal what she knew.

Later, she wrote a letter of apology to the Healys, who had complained to her Branch Manager.

There is no doubt that a breach of confidentiality occurred. This was directly contrary to By-law 29 (Business Conduct) which provides (29.1) that members "shall observe high standards of ethics and conduct in the transaction of their business." The By-law goes on to say that members "shall not engage in any business conduct or practice which is unbecoming or detrimental to the public interest."

The Conduct and Practices Handbook expands upon the words of the By-law. Standard B, under the heading "Confidentiality of Client Information" has the following to say:

- (i) All information concerning the client's transaction and his or her accounts must be considered confidential and must not be disclosed except with the client's permission or by order of the proper authority.

#### **Purpose of the Standard**

The purpose of this standard is to protect the confidentiality of each client's business transactions. Also, adherence to this standard will help to keep the reputation of the firm intact.

#### **Conduct Affected by the Standard**

Each RR must act to maintain the confidentiality of the identities of his or her clients, and their investment decisions. The RR must refrain from discussing this information with anyone outside his or her firm, and must also ensure that the firm's client lists and other confidential records are not left out where they can be taken or observed by visitors to the office.

While Mrs. Gill might have believed herself to have been obliged to reveal that information she was

nevertheless not in the presence of an authority with the power to compel her and should have known that.

We have some sympathy with Mrs. Gill, in light of her feeling that she was performing a duty by revealing the information. Yet, we are nevertheless also aware that she had a personal interest in assisting the receiver to find all of the client's assets as she was a claimant in the bankruptcy.

We are satisfied that this count has been established.

#### **Count 6**

There is no question that Mrs. Gill had been prohibited from dealing with the client by her Branch Manager for reasons which the Branch Manager gave in testimony before us.

Whether this was justified or not is beside the point. Mrs. Gill was given clear instructions and ignored or defied them.

It is also clear that in placing the client's shares in her pro account, she co-mingled her assets with the client's. Beyond this, she had a personal interest in the shares, since they were to be sold to satisfy a debt the client owed to her.

This is in our view conduct unbecoming in the light of By-law 29.1 quoted above. It is again expanded upon in the Conduct and Practices Handbook. Standard A of Section 1 is entitled "Absolute Trustworthiness" and has the following to say:

#### **IV. Client's Assets**

The client's assets are the property solely of the client and are to be used only for the client's purposes.

#### **Purpose of the Standard**

The RR should avoid personal financial dealings with clients, including the lending or borrowing of money. The purpose of this standard is to prevent the creation of conflicts of interest which may arise when the RR enters into financial dealings with clients on a personal level, aside from normal business dealings conducted through the firm. Furthermore, the RR should not benefit from privileged client information, an intellectual asset.

#### **Conduct Affected by the Standard**

The types of personal financial dealings encompassed by this standard would include, without limitation, borrowing money from clients, lending money to clients, paying clients' losses out of personal funds and sharing a financial interest in an account with a client. The standard would not prevent borrowing from clients which are financial institutions whose business includes lending money to the public, or personal dealings with clients who are related to the RR.

Count 6 was established



**Addendum to the Decision of the Ontario District  
Council**

**Re : Sharon Gill**

By Hugh Mc Nabney

During the hearing process, evidence was presented that Sharon Gill was under TSE imposed close supervision by Peter Stenerson for the period Aug. 18/92 through to Nov. 2/94.

Given that the panel has found that Sharon Gill failed to use due diligence to ensure recommendations made for the account of a client were appropriate for the client and in keeping with the investment objectives, contrary to Regulation 1300.1(c) under both counts 2 and 3, I question what action has been taken by the staff of the Association to satisfy themselves that Peter Stenerson carried out his duties of close supervision as requested by the TSE.

I wish to be clear that my questioning of the above should in no way mitigate or change the decisions made by the Panel regarding Sharon Gill that I fully support by my signature.

Signed :

T. H. Mc Nabney

**Count 7**

Again, there is no question that Mrs. Gill had received a general Power of Attorney for the client and that it had been placed in the file. The following day, a NAAF was prepared for the client, as alleged in the count. The facts alleged beyond this in the count were adequately proven. Indeed, Mrs. Gill did not seek to deny them.

In our view, failing to disclose the existence of the general Power of Attorney in a NAAF prepared the day after she received it could not have been inadvertent. She must have been aware of the existence of the Power of Attorney when she completed the NAAF.

She suggested that, while a Power of Attorney confined to trading would have to be revealed, a general Power of Attorney would not. Since the latter would include the former, we have difficulty in accepting that position.

We do not find that she made any attempt to conceal the preparation of the NAAF. While we are somewhat concerned that it was drafted by Mr. Karr, the client in Count 6, it was nevertheless witnessed by 2 people in Mrs. Gill's own office.

Again we refer to the CPH. Section VII of Section I, has the following to say:

**VII. Has the RR a Direct or Indirect Interest in the Account other than an Interest in Commissions Charged?**

The nature of the Representative-client relationship is an essential feature of the *Know Your Client* rule. There are specific regulations referring to an RR's interest in an account and/or association with a client. Therefore, any familiar or business association or any proprietary interest held in the account must be indicated here or at the foot of the Form and then discussed with management.

Count 7 has been established.

We therefore find that counts 1, 2, 3, 5, 6 and 7 have been conceded or established.

Dated at Toronto on this 25th day of September, 2000.

"Robert F. Reid" – Chair

"Michael Walsh"

"Hugh McNabney"

**THE POLICIES  
of  
THE TORONTO STOCK EXCHANGE**

The Policies of The Toronto Stock Exchange are hereby amended as follows:

1. Policy 4-301(2) is amended by striking out the first paragraph and inserting the following:

When reducing the price of a previous trade by the amount of a distribution, it is possible that the price of the security will be between the trading increments. (For example, a stock at \$10 with a dividend of \$0.125 would have an ex-dividend price of \$9.875. A short sale order could only be entered at \$9.87 or \$9.88.) Where such a situation occurs, the price of the short sale order should be set no lower than the next highest price. (In the example, the minimum price for the short sale would be \$9.88, being the next highest price at which an order may be entered to the ex-dividend price of \$9.875).
2. Policy 4-303(1) is amended by striking out "\$13.57 (assuming an exchange rate of 1.357 for U.S. dollars). The maximum price at which an initial bid could be entered on the Exchange would be \$13.55" and inserting "\$13.575 (assuming an exchange rate of 1.3575 for U.S. dollars). The maximum price at which an initial bid could be entered on the Exchange would be \$13.57".
3. Policy 4-502(1) is amended by striking out "5 cents for issues trading over \$10" and inserting "1 cent for issues trading at \$0.50 and over and ½ cent for issues trading under \$0.050".

THIS POLICY AMENDMENT MADE this 19<sup>th</sup> day of September, 2000 to be effective on such date as determined by the Exchange following approval of this amendment by the Ontario Securities Commission.

\_\_\_\_\_  
Daniel F. Sullivan, Chair

\_\_\_\_\_  
Leonard P. Petrillo, Secretary

**Chapter 25**  
**Other Information**

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THERE IS NO MATERIAL FOR THIS CHAPTER  
IN THIS ISSUE

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