

The Ontario Securities Commission

OSC Bulletin

December 22, 2000

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

The Ontario Securities Commission

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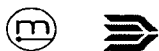


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Chapter 1

Notices / News Releases

1.1 Notices

SCHEDULED OSC HEARINGS

1.1.1 Current Proceedings Before The Ontario Securities Commission

December 22, 2000

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

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

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

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Howard Wetston, Q.C. Vice-Chair	—	HW
Kerry D. Adams, FCA	—	KDA
Stephen N. Adams, Q.C.	—	SNA
Derek Brown	—	DB
Robert W. Davis, FCA	—	RWD
John A. Geller, Q.C.	—	JAG
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
R. Stephen Paddon, Q.C	—	RSP

Date to be announced: **Amalgamated Income Limited Partnership and 479660 B.C. Ltd.**

s. 127 & 127.1
Ms. J. Superina in attendance for staff.

Panel: TBA

Feb 5/2001
10:00 a.m. **Noram Capital Management, Inc. and Andrew Willman**

s. 127
Ms. K. Wootton in attendance for staff.

Panel: TBA

Apr16/2001-
Apr 30/2001
10:00 a.m. **Philip Services Corp., Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey, Colin Soule, Robert Waxman and John Woodcroft**

s. 127
Ms. K. Manarin & Ms. K. Wootton in attendance for staff.

Panel: TBA

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

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 16/2000 -
Dec 22/2000
10:00 a.m.**

John Bernard Felderhof

Mssrs. J. Naster and I. Smith for staff.

Courtroom TBA, Provincial Offences Court

Old City Hall, Toronto

**Dec 4/2000
Dec 5/2000
Dec 6/2000
Dec 7/2000
9:00 a.m.
Courtroom N**

1173219 Ontario Limited c.o.b. as TAC (The Alternate Choice), TAC International Limited, Douglas R. Walker, David C. Drennan, Steven Peck, Don Gutoski, Ray Ricks, Al Johnson and Gerald McLeod

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

**Jan 29/2001 -
Feb 2/2001
Apr 30/2001 -
May 7/2001
9:00 a.m.**

Einar Bellfield

s. 122
Ms. K. Manarin in attendance for staff.

Courtroom C, Provincial Offences Court
Old City Hall, Toronto

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

1.1.2 Notice of Commission Approval - s.21

Notice of Commission Approval - Canadian Venture Exchange Exemption from Recognition As A Stock Exchange Under Section 21 of the Act

On September 1, 2000 the Commission published for comment an application from the Canadian Venture Exchange ("CDNX") for exemption from recognition as a stock exchange under section 21 of the Act. CDNX was granted a temporary exemption on August 29, 2000. The Commission approved the CDNX exemption order, attached below.

The Commission received a number of comments related to the transfer of the Canadian Dealing Network to CDNX and to the new Canadian Unlisted Board. This transfer was approved as part of the exemption application. Specifically, commenters objected to the removal of last trade price visibility in the "reported market" (reporting of trades in mostly unlisted securities) that had existed on CDN and now exists on CUB. Commenters believe that this reduced visibility of trade information reduces the value of the stock, creating lost profits for investors and making it more difficult for micro-cap issuers that are not listed to raise money.

In approving the transfer of the reported market to CUB, the Commission was persuaded that the reporting of last sale price afforded investors limited transparency that may not have been related to the actual value of securities because of the extremely low volume of trading in these securities. Further the Commission was concerned that such limited transparency gave investors an false comfort in the liquidity and value of the securities and created an opportunity for market manipulation.

The Commission has not been made aware of any facts that would lead it to change its position at this time. However, the Commission has asked staff to monitor the issue and report back to the Commission.

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

- and -

IN THE MATTER OF THE CANADIAN VENTURE EXCHANGE INC.

EXEMPTION ORDER (Section 147)

1. **WHEREAS** the Canadian Venture Exchange Inc. ("CDNX") has applied to the Ontario Securities Commission (the "Commission") for the following order:

1.1 an order pursuant to section 147 of the Act exempting CDNX from recognition under section 21 of the Act (the "Act") for the purposes of carrying on business as a stock exchange in Ontario.

2. **AND WHEREAS** CDNX has represented to the Commission that:

Corporate Structure, Recognition and Services in Ontario:

2.1 CDNX was incorporated on October 29, 1999 pursuant to the *Business Corporations Act* (Alberta).

2.2 On November 26, 1999, CDNX was recognized by the Alberta Securities Commission (the "ASC") as an exchange in Alberta under subsection 52(2) of the *Securities Act* (Alberta) (the "Alberta Act") and by the British Columbia Securities Commission (the "BCSC") as an exchange in British Columbia under subsection 24(2) of the *Securities Act* (British Columbia) (the "BC Act") pursuant to COR #99/323 (together, the "Recognition Orders" which are attached as Schedules "A" and "B").

2.3 CDNX presently maintains offices in Calgary and Vancouver. CDNX opened an office in Toronto, Ontario on May 1, 2000 and intends to receive applications from issuers for listings and to perform continuous listing services for issuers through its Ontario office.

Regulatory Oversight:

2.4 CDNX is subject to joint regulatory oversight by both the ASC and the BCSC.

2.5 CDNX is advised that the OSC, ASC and BCSC have entered into a memorandum of understanding ("MOU") respecting the continued oversight of CDNX by the ASC and BCSC (attached as schedule "C"). Under the terms of the MOU, the ASC and BCSC will continue to be responsible for conducting the regulatory oversight of CDNX and for conducting an

oversight program of CDNX for the purpose of ensuring that CDNX meets appropriate standards for market operation and regulation.

- 2.6 CDNX provides any proposed changes to its by-laws, rules, policies, and other regulatory instruments to the ASC and BCSC for review and approval in accordance with the procedures established by the ASC and BCSC from time to time. CDNX will concurrently provide the OSC with copies of all by-laws, rules, policies and other regulatory instruments that it files for review and approval with the ASC and BCSC. Copies of all final by-laws, rules, policies and other regulatory instruments will also be provided to the OSC.

Corporate Governance:

- 2.7 CDNX's governance structure provides for:
- 2.7.1 fair and meaningful representation having regard to the nature and structure of CDNX;
 - 2.7.2 appropriate representation on CDNX's Board and its Board Committees of persons independent of CDNX Member-Shareholders; and
 - 2.7.3 appropriate qualification, remuneration and conflict of interest provisions and limitation of liability and indemnification protections for directors, officers and employees of CDNX generally.
- 2.8 CDNX has established written standards for granting access to trading through the trading facilities of CDNX.
- 2.9 CDNX has established written standards that are designed to ensure that CDNX does not unreasonably prohibit or limit access by a person or company to services offered by it.
- 2.10 CDNX keeps records of:
- 2.10.1 each grant of access including, for each Member-Shareholder and Participating Organization, the reasons for granting such access; and
 - 2.10.2 each denial or limitation of access, including the reasons for denying or limiting access to any applicant.
- 2.11 Any and all fees imposed by CDNX on its Member-Shareholders and Participating Organizations are presently allocated on an equitable basis. Fees do not have the effect of creating barriers to access and are balanced with the criteria that CDNX must have sufficient revenues to satisfy its responsibilities.

- 2.12 The process established by CDNX for setting fees is fair and appropriate.

Public Interest Rules and Policies:

- 2.13 CDNX has established by-laws, rules, regulations, policies, procedures and practices and other similar instruments that:
- 2.13.1 are not contrary to the public interest; and
 - 2.13.2 are designed, with respect to Member-Shareholders and Participating Organizations, to:
 - 2.13.2.1 ensure compliance with applicable securities legislation;
 - 2.13.2.2 prevent fraudulent and manipulative acts and practices;
 - 2.13.2.3 promote just and equitable principles of trade; and
 - 2.13.2.4 foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities.
- 2.14 CDNX does not:
- 2.14.1 permit unreasonable discrimination between customers, issuers, shareholders, and Member-Shareholders or Participating Organizations; or
 - 2.14.2 impose any burden on competition that is not necessary or appropriate in furtherance of applicable securities legislation.

Market Regulation by CDNX:

- 2.15 Effective December 31, 1999, CDNX transferred all of its member regulation functions to the Investment Dealers Association of Canada. CDNX continues to perform market regulation functions.
- 2.16 CDNX has enacted and adopted by-laws, rules, regulations or other similar instruments that are designed to ensure that its respective Member-Shareholders and Participating Organizations shall be appropriately disciplined for violations of securities legislation and the by-laws, rules, regulations, policies, procedures, practices and other similar instruments of CDNX.

Financial Statements:

- 2.17 CDNX prepares annual audited financial statements, in accordance with Canadian GAAP and covered by a report prepared by an independent auditor.
- 2.18 CDNX provides the ASC and the BCSC with copies of the statements referred to in clause 2.17.

System Security, Capacity and Sustainability

- 2.19 CDNX has represented to the ASC and BCSC in connection with its Recognition Orders that it will:
 - 2.19.1 monitor, on an annual and ad-hoc basis, current trading system capacities and project future trading system capacity requirements;
 - 2.19.2 conduct, whenever material changes are made or certain trading conditions occur, capacity stress tests of the trading and downstream systems to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;
 - 2.19.3 review and, if needed, improve, on an annual and ad hoc basis, the development and testing methodologies of the trading and downstream systems;
 - 2.19.4 review, whenever material changes are made or circumstances warrant, the vulnerability of the trading and downstream systems and data centre computer operations to internal and external threats, including physical hazards, and natural disasters;
 - 2.19.5 on an annual and ad-hoc basis, test and update, if necessary, CDNX's business continuity plan;
 - 2.19.6 on an annual and ad hoc basis, perform an independent review, in accordance with established audit procedures and standards, of its controls for ensuring that it is in compliance with subclauses 2.19.1 through 2.19.5, and conduct a review by senior management of a report containing the recommendations and conclusions of the independent review; and
 - 2.19.7 promptly notify the ASC and the BCSC of material systems failures and changes.

CDN Business

- 2.20 Effective September 29, 2000, CDNX entered into an agreement (the "Agreement") with the Toronto Stock Exchange ("TSE") and the

Canadian Dealing Network Inc. ("CDN"), a wholly-owned subsidiary of the TSE, pursuant to which the TSE and CDN agreed to cease operating the quoted market and the reported market operated by CDN.

- 2.21 CDN will cease to operate the CDN quoted market in Ontario at the close of business on September 29, 2000 and CDNX will commence operating CDNX Tier 3 on October 2, 2000. Issuers that were quoted on CDN on September 1, 2000 or that had made a complete application to be quoted on CDN by September 1, 2000, which is subsequently approved, are eligible to be listed CDNX Tier 3.
- 2.22 Effective September 29, 2000 Canadian Unlisted Board, Inc. ("CUB"), a wholly-owned not-for-profit subsidiary of CDNX, CDNX and the OSC entered into an agreement which is attached as Schedule "D", pursuant to which CUE will operate an internet web-based reporting system for the reporting by dealers of trading in unlisted and unquoted equity securities in Ontario.

Reporting Issuer Status and Incorporation of OSC Rule 61-501

- 2.23 CDNX has adopted certain amendments to its Corporate Finance Policies in the form attached as schedule "E" which will require that, effective June 30, 2001, CDNX Issuers that are not otherwise reporting issuers in Ontario and have a "significant connection to Ontario" to make application to the OSC and become reporting issuers in Ontario.
- 2.24 CDNX has adopted a new policy to be effective June 30, 2001, ("Policy 5.9") entitled "*Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions*" substantially in the form attached as schedule "F".²

3. **AND UPON** the Commission being satisfied that the granting of an exemption from recognition to CDNX would not be contrary to the public interest.

4. **IT IS HEREBY ORDERED** that pursuant to section 147 of the Act, CDNX is exempt from recognition under section 21 of the Act provided that:

- 4.1 CDNX continues to be recognized as an exchange by the ASC and the BCSC;
- 4.2 CDNX continues to be subject to such joint regulatory oversight as may be established and prescribed by the ASC and BCSC from time to time;
- 4.3 The MOU referred to in clause 2.5 above has not been terminated;
- 4.4 CDNX will not make any changes to the amendments to its Corporate Finance Policies

referred to in clauses 2.23 and 2.24 above without the prior consent of the OSC;

- 4.5 CUB will continue to be in compliance with the agreement referred to in clause 2.22 above until the OSC implements a local rule relating to Ontario over-the-counter trading;
 - 4.6 CDNX concurrently provides to the OSC copies of all by-laws, rules, policies and other regulatory instruments that it files for review and approval with the ASC and BCSC. CDNX also provides to the OSC copies of all final by-laws, rules, policies and other regulatory instruments;
 - 4.7 CDNX provides to the OSC, where requested by the OSC through the ASC and the BCSC, any information in the possession of CDNX relating to members, shareholders and the market operations of CDNX, including, but not limited to, shareholder and participating organization lists, products, trading information and disciplinary decisions; and
5. **IT IS HEREBY FURTHER ORDERED** that:
- 5.1 CUB is deemed to be in compliance with the agreement referred to in clause 4.5 above unless CUB has been provided with written notice of non-compliance and has failed to remedy the alleged non-compliance in accordance with the terms of the agreement; and
 - 5.2 CDNX is deemed to be in compliance with clause 4.6 and 4.7 unless CDNX has been provided with written notice of non-compliance and failed to provide the documents or information within 10 business days of receipt of such written notice.

DATED DECEMBER 5th, 2000

DAVID BROWN

J. A. GELLER

Schedule A

ALBERTA SECURITIES COMMISSION

**IN THE MATTER OF The Securities Act
(SA 1981, c. S-6.1, as amended) (the "Act")**

- and -

**IN THE MATTER OF the Canadian Venture Exchange
Inc.**

**RECOGNITION
(Subsection 52(2))**

1. **WHEREAS** Canadian Venture Exchange Inc. ("CDNX") has applied to the Alberta Securities Commission (the "Commission") for recognition as an exchange in Alberta under subsection 52(2) of the Act;
2. **AND WHEREAS** CDNX, has represented to the Commission that:
 - 2.1 The Alberta Stock Exchange (the "ASE") and the Vancouver Stock Exchange (the "VSE") have obtained the approval of their members to the merger (the "Merger") of the ASE and the VSE to create, ultimately, CDNX pursuant to the plan of arrangement and related transactions described in the Joint Management Circular of the ASE and the VSE dated November 2, 1999;
 - 2.2 All steps required to effect the merger have been completed and, accordingly, at the effective time of the Merger today:
 - 2.2.1 CDNX will have all of the rights, liabilities and obligations of the ASE and the VSE;
 - 2.2.2 any cause of action, claim or liability to prosecution of either the ASE or the VSE immediately prior to the Merger will be assumed by CDNX;
 - 2.2.3 any civil, criminal or administrative action or proceeding pending by or against either the ASE or the VSE may continue to be prosecuted by or against CDNX;
 - 2.2.4 a conviction against or ruling, order or judgement in favor of or against either the ASE or the VSE may be enforced by or against CDNX; and
 - 2.2.5 the property of the ASE and the VSE will be the property of CDNX;
 - 2.3 CDNX will commence operations on November 26, 1999;
3. **AND WHEREAS** Commission staff have reviewed the application filed and the representations made by CDNX and have recommended that CDNX be recognized as an exchange in Alberta;

4. Based on the application filed and representations made by CDNX, the Commission recognizes CDNX as an exchange in Alberta under subsection 52(2) of the Act at the effective time of the Merger;

Dated at the City of CALGARY
in the Province of Alberta this 26th day of November, 1999

signed by "Glenda A. Campbell"

signed by "Eric T. Spink"

Schedule B

British Columbia Recognition Order

**IN THE MATTER OF THE SECURITIES ACT
R.S.B.C. 1996, c. 418**

AND

**IN THE MATTER OF THE CANADIAN VENTURE
EXCHANGE INC.**

Recognition Order Under Section 24(2)

The Canadian Venture Exchange Inc. ("CDNX") has applied for recognition as an exchange in British Columbia under section 24(2) of the Act.

CDNX has represented to the Commission that:

1. The ASE and the VSE have obtained the approval of their members to the merger of the ASE and the VSE to create, ultimately, CDNX pursuant to the plan of arrangement and related transactions described in the Joint Management Information Circular of the ASE and VSE dated November 2, 1999,
2. All steps required to effect the merger have been completed and, accordingly, at the effective time of the merger today:
 - (a) CDNX will have all of the rights, liabilities and obligations of the ASE and VSE,
 - (b) any cause of action, claim or liability to prosecution of either the ASE or the VSE immediately prior to the Merger will be assumed by CDNX,
 - (c) any civil, criminal or administrative action or proceeding pending by or against either the ASE or the VSE may continue to be prosecuted by or against CDNX,
 - (d) a conviction against or a ruling, order or judgment in favour of or against either the ASE or the VSE may be enforced by or against CDNX, and
 - (e) the property of the ASE and the VSE will be the property of CDNX,
3. CDNX will commence operations on November 29, 1999.

Commission staff have reviewed the application filed and the representations made by CDNX and have recommended that CDNX be recognized as an exchange in British Columbia.

Based on the application filed and the representations made by CDNX, the Commission recognizes CDNX as an

exchange in British Columbia under section 24(2) of the Act at the effective time of the merger.

DATED at Vancouver, British Columbia, on November 26, 1999.

Douglas M. Hyndman
Chair

Schedule C

MEMORANDUM OF UNDERSTANDING

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

BETWEEN:

ALBERTA SECURITIES COMMISSION
(the "ASC")

- and -

BRITISH COLUMBIA SECURITIES COMMISSION
(the "BCSC")

- and -

ONTARIO SECURITIES COMMISSION
(the "OSC")

The parties agree as follows:

1. Underlying Principles

- 1.1 The ASC and BCSC are the lead regulators (the "Lead Regulators") in connection with the oversight of the Canadian Venture Exchange Inc. ("CDNX") in accordance with the division of duties outlined in Appendix "A".
- 1.2 The OSC has exempted or will exempt CDNX from recognition as a stock exchange in Ontario on the basis that:
 - 1.2.1 CDNX is and will continue to be recognized as an exchange by the Lead Regulators;
 - 1.2.2 the Lead Regulators are responsible for conducting the regulatory oversight of CDNX; and
 - 1.2.3 the OSC will be informed of the oversight activities of the Lead Regulators and will be provided with opportunities to raise issues concerning the oversight of CDNX with the Lead Regulators in accordance with this Memorandum of Understanding (the "MOU").
- 1.3 The parties will act in good faith in the resolution of issues raised by any of the parties in connection with the oversight of CDNX by the Lead Regulators.

- 1.4 The Lead Regulators are responsible for conducting an oversight program of CDNX which will include the matters described in Part 2 (the "Oversight Program")¹
- 1.5 The purpose of the Oversight Program is to ensure that CDNX meets appropriate standards for market operation and regulation. Those standards include:
- 1.5.1 fair access to issuers and market participants;
 - 1.5.2 fair representation in corporate governance and rule making;
 - 1.5.3 systems and financial capacity to carry out its regulatory functions;
 - 1.5.4 orderly markets through appropriate review of products to be traded and trading rules;
 - 1.5.5 appropriate listed company regulation;
 - 1.5.6 transparency through timely access to relevant information on traded products and market prices;
 - 1.5.7 market integrity through prohibition of unfair trading practices;
 - 1.5.8 proper identification and management of risks, including financial condition of operation and standards for market participants; and
 - 1.5.9 integration with effective clearing and settlement systems.
- 1.6 The OSC acknowledges that the Lead Regulators may enter into a Memorandum of Understanding substantially similar to this MOU with the securities commission of any other jurisdiction where CDNX opens an office.
- 1.7 The Lead Regulators intend to enter into a Memorandum of Understanding with the Manitoba Securities Commission ("MSC") regarding the oversight of CDNX by the Lead Regulators (the "MSC MOU") in substantially the same form as this MOU.

2. Oversight Program

- 2.1 The Lead Regulators will establish and conduct the Oversight Program, which will include, at a minimum, the following:
- 2.1.1 review of information filed by CDNX on critical financial and operational matters and significant

changes to operations, including information related to:

- a) affiliated entities;
 - b) operation of CDNX systems/technological capacity;
 - c) financial statements;
 - d) membership and access requirements and forms;
 - e) corporate finance policies, including listing and filing requirements; and
 - f) corporate governance, including board and committee composition, structure, mandate and function;
- 2.1.2 review and approval of changes to CDNX by-laws, rules, policies and other regulatory instruments in accordance with the procedures established by the Lead Regulators for the review of such instruments in effect from time to time. The current procedures are set out in letters dated November 26, 1999 and February 24, 2000; and
- 2.1.3 periodic examination of CDNX functions, including:
- a) corporate finance policies: policies relating to minimum listing requirements, listing or tier maintenance requirements, sponsorship and continuous disclosure;
 - b) trading halts, suspensions and delisting procedures;
 - c) surveillance and enforcement: procedures for detection of non-compliance and resolution of outstanding issues;
 - d) access: requirements for access to trade through the facilities of CDNX;
 - e) information transparency: procedures for the dissemination of market information;
 - f) corporate governance: corporate governance procedures, including policy and rule making process; and
 - g) risk management and computer systems.
- 2.2 The Lead Regulators will retain sole discretion regarding the manner in which the Oversight Program is carried out, including, but not limited to, determining the order and timing of their examinations of CDNX functions under section 2.1. However, the Lead Regulators will perform the examinations of CDNX functions under section 2.1.3 at least once every three years. The Lead Regulators will provide to the OSC a copy of the report of the examination performed in accordance with section 2.1.3 and any responses of CDNX to the report.

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

3. Involvement of the OSC

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

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

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

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

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

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

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

4. Information Sharing

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

5. Oversight Committee

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

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

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

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

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

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

Waiver and Non-Performance

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

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

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

7. Effective Date

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

ALBERTA SECURITIES COMMISSION

"Stephen Sibbold"
Chair
September 18, 2000

ONTARIO SECURITIES COMMISSION

"David A. Brown"
Chair
September 18, 2000

BRITISH COLUMBIA SECURITIES COMMISSION

"Douglas M. Hyndman"
Chair
September 18, 2000

Schedule C Appendix

ASC/ BCSC FUNCTIONAL REGULATION CONTACT LIST

Functional Area	Functional Regulator	BCSC Contact Person	ASC Contact Person
Corporate Governance	ASC	Special Adviser to the Chair (L. Gauvin (604) 899-6538)	Director, Legal Services & Policy Development (P.M. Johnston (403) 297-2074)
Corporate Finance	ASC	Director, Corporate Finance (W. Redwick (604) 899-6526)	Director, Legal Services & Policy Development (P.M. Johnston (403) 297-2074)
Trading	BCSC	Deputy Director, Compliance (G. Halischuk (604) 899-6617)	Director, Legal Services & Policy Development (P.M. Johnston (403) 297-2074)
Compliance	BCSC	Deputy Director, Compliance (G. Halischuk (604) 899-6617)	Director, Capital Markets (K. Parker (403) 297-3251) Director, Enforcement (G. Cornfield (403) 297-2091)
Risk Management	ASC	Deputy Director, Compliance (G. Halischuk (604) 899-6617)	Director, Capital Markets (K. Parker (403) 297-3251)
Systems	BCSC	Deputy Director, Compliance (G. Halischuk (604) 899-6617)	Director, Capital Markets (K. Parker (403) 297-3251)
Clearing & Settlement	BCSC	Deputy Director, Compliance (G. Halischuk (604) 899-6617)	Director, Legal Services & Policy Development (P.M. Johnston (403) 297-2074)

June 09, 2000

Schedule D

OTC AGREEMENT

(the "Agreement")

THIS AGREEMENT made as of the 6th day of October, 2000,

AMONG:

CANADIAN UNLISTED BOARD INC.
("CUB")

-and-

CANADIAN VENTURE EXCHANGE INC.
("CDNX")

-and-

THE ONTARIO SECURITIES COMMISSION
("OSC")

WHEREAS:

- A. By an agreement made as of February 28, 1991 among The Toronto Stock Exchange (the "TSE"), the OSC and the Canadian Dealing Network Inc. ("CDN"), CDN (a wholly-owned subsidiary of the TSE) took on assignment from the OSC and has been operating a trade reporting system (the "CDN Reporting System") and a quotation system (the "CDN Quotation System") (collectively, the "CDN System") to provide visibility for over-the-counter ("OTC") trading of equity securities in the Province of Ontario;
- B. By an agreement made as of September 29, 2000 among CDNX, the TSE and CDN (the "CDN Agreement"), the TSE and CDN have agreed to cease operating the CDN System;
- C. The OSC wishes to ensure that a system continues to exist in the Province of Ontario through which OSC registered dealers can continue their mandatory reporting of all OTC trading in unlisted and unquoted equity securities in the Province of Ontario not specifically excluded from the reporting requirements of the *Securities Act, R.S.O. 1990, Chapter S.5* and the regulations thereto (collectively, the "Act");
- D. Subject to the terms and conditions of this Agreement, CUB, a wholly owned subsidiary of CDNX, is prepared to operate an internet web-based reporting system for the reporting by registered dealers of OTC trading in unlisted and unquoted equity securities in the Province of Ontario (the "OTC System") and to provide certain services to the OSC with respect thereto; and
- E. Subject to the terms and conditions of this Agreement, CDNX has agreed to ensure that CUB fulfils its obligations hereunder and has adequate resources (including those made available to it by CDNX) to operate the OTC System and to provide to the OSC those services called for by this Agreement;

NOW THEREFORE in consideration of the premises and the mutual covenants, terms and conditions herein contained, the parties hereto do hereby mutually covenant and agree as follows:

1. THE OTC SYSTEM

- 1.1 The OTC System to be operated by CUB pursuant to this Agreement shall possess the characteristics and functionality described in Schedule "A" which is attached hereto and forms a part of this Agreement; provided, however, and the parties further agree that for greater certainty the OTC System will not provide for visible trade reporting.
- 1.2 The OTC System shall commence operation as at 5:00 p.m. EST on October 6, 2000 such that mandatory reporting by OSC registered dealers of all OTC trading in unlisted and unquoted equity securities in the Province of Ontario not specifically excluded from the reporting requirements of the Act (hereinafter referred to as "Ontario OTC trading") via the OTC System will commence on October 10, 2000.
- 1.3 All right, title and interest in and to the OTC System shall be owned solely by CUB, its successors and permitted assigns. For greater certainty, the right, title and interest in and to all registered and unregistered trademarks, trade names, service marks, copyrights, designs, inventions, patents, patent applications, patent rights, licenses, franchises, processes, technology, trade secrets and other industrial property pertaining to the OTC System developed by CUB (or on behalf of CUB by CDNX) or to any developments or enhancements of the OTC System implemented by CUB shall be owned solely by CUB, its successors and permitted assigns and, subject as herein otherwise provided, the OSC, OSC registered dealers who report trades on the OTC System ("Users") and any other parties shall acquire no rights in or license to use the OTC System except as may be necessary for the due implementation of this Agreement.

2. ADMINISTRATION/OPERATION OF THE OTC SYSTEM

- 2.1 Subject to the terms and conditions of this Agreement, CUB shall administer and operate the OTC System by providing:
 - (i) trade reporting services in respect of Ontario OTC trading by Users;
 - (ii) surveillance services as referred to in Part 4 of this Agreement in respect of Ontario OTC trading by Users; and
 - (iii) such services as may be required to record and account for the fees referred to in subsection 2.3 below and charged by CUB for use of the OTC System.
- 2.2 CUB will provide such staff as are necessary to operate the OTC System with the functionality described in Schedule "A".

2.3 CUB may establish and from time to time amend a schedule of fees that it will be entitled to charge for use of the OTC System. Such fees shall be established at a level which, in the aggregate, will permit CUB to be reimbursed for all costs associated with the development and ongoing operation of the OTC System, including all operating, capital and related costs. All fees charged by CUB will be consistent with CUB's status as a not-for-profit entity and, though not subject to prior approval by the OSC, may be reviewed by the OSC.

2.4 All fees and other revenue derived from the operation of the OTC System will be retained by CUB.

2.5 CUB will ensure that each User shall, as a condition of using the OTC System, enter into an agreement with CUB (the "User Agreement") in the form and upon substantially the terms attached hereto as Schedule "B".

3. REGULATION OF THE OTC SYSTEM

3.1 In the event that the OTC System is implemented prior to the implementation of the OSC's rules governing alternative trading systems (the "ATS Rules") and unless otherwise agreed, the parties agree that the OTC System will be regulated in two phases as follows:

(i) for the period commencing on the date of implementation of the OTC System and ending on the date of implementation in Ontario of a local rule relating to Ontario OTC trading which will be implemented concurrently with the ATS Rules or such other rules as the OSC may apply to Ontario OTC trading (the "Ontario Local Rule"), the OTC System will be regulated in accordance with the OTC Terms and Conditions which are attached as Schedule "A" to the User Agreement (the "User Obligations"); and

(ii) commencing on the date of implementation of the Ontario Local Rule and ending on the date of the termination of this Agreement, the OTC System will be regulated in accordance with the Ontario Local Rule.

3.2 In the event that the OTC System is implemented after implementation of the Ontario Local Rule, the OTC System will be regulated in accordance with the Ontario Local Rule.

3.3 It is recognized and agreed that CUB shall not make any rules or regulations regarding Ontario OTC trading and that until such time as the Ontario Local Rule is implemented the OTC System will be operated and governed in accordance with the User Obligations.

4. SURVEILLANCE SERVICES IN RESPECT OF THE OTC SYSTEM

4.1 CUB will provide surveillance services as described in confidential Schedule "C" which is attached hereto and forms a part of this Agreement in respect of Ontario OTC trading that is reported to the OTC System;

provided, however, and it is further understood and agreed, that the responsibility for enforcement regulatory activity pertaining to Ontario OTC trading will rest exclusively with the OSC and CUB will not provide enforcement services in respect of the market participants using the OTC System.

4.2 The surveillance services described in confidential Schedule "C" and provided by CUB in respect of Ontario OTC trading that is reported to the OTC System will be comprised generally of and limited to the following:

(i) exception monitoring for Ontario OTC trading activity in violation of the terms of any User Agreement, applicable trading rules or applicable securities laws; and

(ii) press release monitoring for issuer disclosure in respect of Ontario OTC trading in violation of applicable securities laws.

4.3 All matters requiring enforcement action will be referred to the applicable securities regulatory body which it is anticipated will be the OSC in most cases involving the OTC System.

4.4 CUB will impose no trading halts in respect of any Ontario OTC trading reported to the OTC System.

4.5 CUB will provide to the OSC on request all such Ontario OTC trading and surveillance data respectively reported to the OTC System and collected by CUB as the OSC may require for its investigative and enforcement purposes.

5. MAINTENANCE OF TRADING DATA

5.1 Ontario OTC reporting and surveillance data respectively reported to the OTC System and collected by CUB will be maintained by CUB for its surveillance and the OSC's enforcement purposes only, and will not be published. For greater certainty, CUB shall ensure that such data is retained for a period of at least seven (7) years and accessible to OSC staff for investigative and enforcement purposes.

5.2 CUB recognizes its obligation to provide the OSC access (via the OTC System) to data collected by CUB in respect of Ontario OTC trading reported to the OTC System so as to assist the OSC in carrying out its regulatory responsibilities.

6. ACKNOWLEDGEMENTS OF THE OSC

6.1 Effective as at 5:00 p.m. EST on October 6, 2000, the OSC by separate instrument has appointed CUB as the OSC's agent as contemplated in Part VI of the *Regulation*, for the purpose of operating the OTC System.

6.2 In order to assist CUB in its operation of the OTC System, the OSC may obtain and provide to CUB such information as the OSC deems appropriate, including information:

- (i) on disciplinary or other action the OSC determines to take against a User which, in the OSC's view, will have a material impact on the User's participation in the OTC System; and
- (ii) relating to issuers of OTC Securities (being the same as "COATS Securities" as defined in section 152 of Part VI of the *Regulation*), OSC registered dealers or any other Persons (as such latter term is defined in the Act) that leads the OSC to believe that there has been or will be a breach of the terms and conditions of Part VI of the *Regulation*.

7. COVENANTS OF CDN X

- 7.1 CDN X agrees to ensure that CUB fulfils its obligations under this Agreement and has adequate resources (including those made available to it by CDN X) to operate the OTC System and to provide to the OSC those services called for by this Agreement.

8. CUB TO LIMIT THE LIABILITY OF CDN X

- 8.1 CUB agrees that it will, in connection with the performance by it of its obligations under this Agreement, take reasonable precautions to limit the liability, if any, of CDN X to any third party in connection with the operation of the OTC System, such precautions to include, where possible, the use of disclaimers in connection with the supply of information and the insertion of appropriate limiting conditions in contracts entered into by CUB.

9. TERM AND TERMINATION

- 9.1 This Agreement shall come into force and effect as at 5:00 p.m. EST on October 6, 2000 (the "Effective Date") such that the reporting of Ontario OTC trading via the OTC System will commence on October 10, 2000 and (provided that it is not terminated due to termination of the CDN Agreement pursuant to the terms thereof) shall survive from such date until the earlier of the day upon which it is terminated pursuant to subsection 9.2 hereof or the day upon which this Agreement is replaced by a new agreement entered into amongst the parties by reason of implementation by the OSC of the Ontario Local Rule; provided, however, that if this Agreement is so replaced the replacement agreement will not itself be able to be terminated before the earliest date that this Agreement can be terminated pursuant to subsection 9.2 hereof.
- 9.2 At any time at least three (3) years after the Effective Date, any of the parties may give one (1) year's written notice to the others of its decision to terminate its obligations hereunder, and this Agreement shall thereafter terminate on the expiry of such notice.

10. NON PERFORMANCE

- 10.1 If a party to this Agreement believes that another party is not performing satisfactorily its obligations under this Agreement, it may give written notice to the other party stating that belief accompanied by particulars in

reasonable detail of the alleged failure to perform. If the party receiving such notice has not satisfied the notifying party within one (1) month of the delivery of the notice either that its performance is satisfactory or that it has taken or will take acceptable steps to rectify its performance, the notifying party may by written notice to the other parties terminate this Agreement on a date not less than three (3) months following delivery of such notice.

11. NOTICE

Any notice or other communication required or permitted to be given hereunder shall be sufficiently given if delivered in person or if sent by facsimile transmission:

- 11.1 in the case of CUB, both for itself and on behalf of CDN X, at the following address:

Canadian Unlisted Board Inc.
c/o Canadian Venture Exchange Inc.
10th Floor, 300 Fifth Avenue S.W.
Calgary, Alberta T2P 3C4

Attention: CDN X Vice President, Regulatory Affairs
& Corporate Secretary
Facsimile No: (403) 237-0450

- 11.2 in the case of the OSC, at the following address:

The Ontario Securities Commission
Suite 1800, P.O. Box 55
20 Queen Street West
Toronto, Ontario M5H 3S8

Attention: Manager, Market Regulation
Facsimile No: (416) 593-8240

or at such other address as the party to which such notice or other communication is to be given has last notified to the other parties in the manner provided in this section, and if so given the same shall be deemed to have been received on the date of such delivery or sending.

12. FURTHER ASSURANCES, AMENDMENTS AND WAIVERS

- 12.1 Each party hereto covenants and agrees that it shall from time to time and at all times execute and deliver all such further documents and assurances as shall be reasonably required in order to fully perform and carry out the intent of this Agreement. This Agreement can only be amended with the consent in writing of both parties and no party shall be deemed to have waived any provision of this Agreement unless such waiver is in writing.

13. APPLICABLE LAW

- 13.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

14. COUNTERPARTS AND FACSIMILE SIGNATURE

- 14.1 This Agreement may be executed in separate counterparts and all such counterparts shall together constitute one and the same instrument.
- 14.2 The parties agree that executed copies of this Agreement may be delivered by fax or similar device and that the signatures appearing on the copies so delivered will be as binding as if copies bearing original signatures had been delivered; each party undertakes to deliver to the other party a copy of this Agreement bearing original signatures, forthwith upon demand.

15. FORCE MAJEURE

- 15.1 No party shall be responsible for delays or failures in performance resulting from acts beyond the control of such party. Such acts shall include, but not be limited to, acts of God, the operation of any law, regulation or order of government or other similar authority, any labour disparity or dispute, strike, lockout, riot, explosion, war, invasion, epidemic, fire, earthquake or other natural disaster, power failure or system failure including network failures.

16. SUCCESSORS AND ASSIGNS

- 16.1 Neither CUB, CDNX nor the OSC shall assign this Agreement or any of their respective rights or obligations hereunder without the prior written consent of the others. This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto.

IN WITNESS WHEREOF, the parties have hereunto duly executed this Agreement as of the day and year first above written.

CANADIAN UNLISTED BOARD INC.

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

CANADIAN VENTURE EXCHANGE INC.

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

THE ONTARIO SECURITIES COMMISSION

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

This is Schedule "A" to that certain Agreement made as of the 6th day of October, 2000, among Canadian Unlisted Board Inc., Canadian Venture Exchange Inc. and The Ontario Securities Commission

OTC SYSTEM CHARACTERISTICS AND FUNCTIONALITY

1.1 Characteristics

- Included Characteristics

The OTC System will be a CUB-developed internet web-based system solution for the reporting of Ontario OTC trading the general characteristics of which will be a system:

- 1. providing a secure, reliable environment to enable registered dealers to report trades in securities according to the Securities Act (Ontario).
- 2. providing a basic reporting, surveillance, and administrative functionality with unexplained trading and disclosure anomalies being forwarded to the OSC for enforcement and further investigation.
- 3. providing a separation of Ontario OTC trading from CDNX and the CDNX brand.
- 4. separable from CDNX technology operations and deployable to other technical environments should the OSC choose to change service providers.
- 5. extendable to other provincial jurisdictions in support of possible national trade reporting.
- 6. possessing a separate logical billing system within CDNX's Oracle Financials to generate invoices and statements for CUB that are distinct from those of CDNX.
- 7. possessing a backup OTC System application server (existing disaster recovery hardware at CDNX Business Continuity Planning ("BCP") recovery sites having sufficient capacity to accommodate the OTC System application).

1.2 Functionality

1.2.1. Included Functionality

The OTC System will possess the following functionality:

1.2.1.1. Registered Dealer Functionality:

- 1. Registered Dealer administrative functions
 - 1.1. Provide the ability for the registered dealer (who may or may not be TSE or CDNX members) to logon, logoff and change their passwords
- 2. Report a trade

- 2.1. Report a trade done today (typically reported by the selling registered dealer)
 - 2.1.1. Data includes: symbol, volume, price, contra-broker, time-stamp, identification of which side reported the trade.
 - 2.2. Limit or restrict the registered dealer from reporting a trade that was executed prior to the current day. 'As of' reporting to be handled by the administrative or market regulation function of CUB (see *Administrative Functionality* below).
 3. Report a trade cancellation
 4. Inquire on trading activity for an issue
 - 4.1. The reporting functions proposed with respect to Ontario OTC trading are purposely limited.
 - 4.2. Data attributes to be displayed are:
 - 4.2.1. For today: high price, low price, last price, net change, volume, value, # trades and list of all trades
 - 4.2.2. For historical periods: high price, low price, last price, net change, volume, value, # trades
 5. View Administrative Notice Board
 - 5.1. Contains textual information posted by CUB administrative and market regulation staff
 6. Online Help
 - 6.1. Display of "How To" information explaining the operation of the OTC System
 - 6.2. Inquiries to list:
 - 6.2.1. Securities on the system that have reported activity (stock list) that would include the issue name, symbol, and Cusip number (if applicable)
 - 6.2.2. Yesterday's and today's add's, delete's and changes to the stock list
 - 6.2.3. A directory of registered dealer users Ids and names
- 1.2.1.2. Administrative Functionality:**
- Administrative functionality will be used by CUB staff to administer the OTC System.
1. UserID administration
 - 1.1. Setup new UserID
 - 1.2. Maintain UserID (change, delete, force password changes)
2. Security Master maintenance
 - 2.1. Add, change, delete issues that can be reported. This functionality can be done in real-time.
 - 2.2. Update Trading status to restrict the reporting of trades
 3. Report trade (on behalf of a registered dealer)
 - 3.1. Similar to the registered dealer function to report a trade.
 - 3.2. This functionality can also serve as a short-term backup service should operational problems arise with accessing the system.
 4. Report a trade done up to 364 days ago ("as of")
 - 4.1. 'As of' reporting is done by CUB staff on behalf of the registered dealer. The registered dealer would send (via fax) to CUB the particulars of the delayed trade report.
 - 4.2. Historical information to be updated to reflect the reported trade.
 5. Report trade cancellation (on behalf of a registered dealer)
 - 5.1. Similar to the registered dealer function to report a trade cancellation.
 - 5.2. This functionality can also serve as a short-term backup service should operational problems arise with accessing the system.
 - 5.3. Historical information would be updated to reflect the cancelled trade.
 6. Post and clear notices and other textual information to Administrative Notice Board
 - 6.1. The transaction is logged to an audit trail file
 7. Online Help maintenance
 - 7.1. Update static "How To" information
- 1.2.1.3. Regulatory Functionality:**
- Regulatory functionality will be that employed by CUB staff to provide regulatory oversight or surveillance of Ontario OTC trading (it being understood that all enforcement action arising from CUB's surveillance activities in respect of Ontario OTC trading that is reported to the OTC System will be undertaken by the OSC). Due to the nature of Ontario OTC trading, all such regulatory functionality will be of a post-trade nature.
1. Alerts of reported trades that cause exceptions to price change and volume tolerance parameters.
 2. OSC access to the OTC System to perform specified inquiry functions:

- 2.1. Today and historical trading inquiries (see *Registered Dealer Functionality* above)
- 2.2. Generate reports on trading activity per Registered Dealer firm, per security, and for all securities per specified (flexible) date range.
- 2.3. Access to Online Help inquiries (see *Registered Dealer Functionality* above)
3. Ad hoc reports for investigations forwarded to the OSC.
4. Data extracts for investigations forwarded to the OSC.

1.2.1.4. Operational Functionality:

Operational functionality will be global in nature and apply to the entire OTC System.

- Implement a standalone OTC System application server (NT operating system), separate from CDNX systems.
- Establish recovery procedures to transfer the application to an existing CDNX NT server on an interim basis in the event of a CUB/OTC System server failure.
- Store trade summaries for surveillance purposes (history)
- Store detail trade records for investigative purposes (history)
- Conduct daily backup of files and databases
- Include OTC System in CDNX BCP and provide 48 hour recovery time for the CUB OTC System at the CDNX BCP recovery site(s)
- Generate billing reports
- Generate monthly reports of trading activity for invoice preparation.

1.3. Excluded Functionality

The OTC System will NOT possess the following functionality:

- Capability regarding investigation and enforcement of trading and disclosure anomalies generated by the system.
- Capability to prioritize price/volume exceptions.
- Capability to generate real time data feeds or press reports.
- Capability to transfer historical trade information from the TSE/CATS system.

This is Schedule "B" to that certain Agreement made as of the 6th day of October, 2000, among Canadian Unlisted Board Inc., Canadian Venture Exchange Inc. and The Ontario Securities Commission

**Canadian Unlisted Board Inc. User Agreement
(the "Agreement")**

WHEREAS the Canadian Venture Exchange Inc. ("CDNX" or the "Exchange") has entered into an agreement with the Toronto Stock Exchange Inc. ("TSE") and the Canadian Dealing Network Inc. ("CDN") whereby:

- (i) as at 5:00 p.m. EST on September 29, 2000, the TSE and CDN shall cease operating the CDN Quotation System such that eligible CDN quoted issuers that have filed complete applications as determined by CDNX shall commence trading on CDNX Tier 3 as at the start of business on October 2, 2000; and
- (ii) as at 5:00 p.m. EST on October 6, 2000, the TSE and CDN shall cease operating the CDN Reporting System such that as of the start of business on October 10, 2000, OSC registered dealers can continue their mandatory reporting of all OTC trading in unlisted and unquoted equity securities in the province of Ontario not specifically excluded from the reporting requirements of the Act and the regulations thereto via the OTC System;

WHEREAS the Canadian Unlisted Board Inc., a wholly owned subsidiary of CDNX ("CUB"), CDNX and the Ontario Securities Commission (the "Commission") have entered into an agreement pursuant to which CUB will operate an internet web-based reporting system for the reporting by dealers of trading in unlisted and unquoted equity securities in Ontario (the "OTC System") for the purposes of Part VI of Regulation 1015 ("Part VI");

WHEREAS CUB has been appointed as an agent of the Commission for the purposes of developing computer software and providing and operating computer facilities for the reporting of trading in unlisted and unquoted equity securities in Ontario pursuant to section 153 of Part VI;

WHEREAS for the purposes of this agreement the following definitions shall apply:

"Act" means the Securities Act, R.S.O. 1990, c.s. 5 as amended;

"CDN Policy" means that policy which has been adopted by CDNX board of directors respecting trading in unlisted and unquoted equity securities in Ontario;

"OTC security" shall have the same meaning as "COATS security" as defined in section 152 of Part VI;

"Person" means a "person" as that term is defined in the Act;

"User" means a registrant under the Act and who reports trades on the OTC System;

WHEREAS in order to assist CUB in its operation of the OTC System, the Commission may obtain and provide to CUB such

information as the Commission deems appropriate, including information:

- (i) on disciplinary or other action the Commission determines to take against a User which, in the Commission's view, will have a material impact on the User's participation in the OTC System; and
- (ii) relating to issuers of OTC Securities, registrants under the Act or any other Persons that leads the Commission to believe that there has been or will be a breach of the terms and conditions of Part VI.

WHEREAS the Commission and CUB have agreed that in the event that the OTC system is implemented prior to the implementation of the OSC's rules governing alternative trading systems (the "ATS Rules") the OTC System shall be regulated in the following two phases:

- (1) for the period commencing on the date of implementation of the OTC System and ending on the date of the implementation of a local Ontario rule relating to Ontario OTC trading which will be implemented concurrently with the ATS Rules or such other rules as the OSC may apply to Ontario OTC trading (the "Ontario Local Rule"), the OTC System will be regulated in accordance with Part VI and those portions of the CDN Policy pertaining to trade reporting of unlisted and unquoted equity securities in Ontario as in effect at 5:00 p.m. EST October 6, 2000; and
- (ii) commencing on the date of the implementation of the Ontario Local Rule and ending on the date of the termination of the Agreement, the OTC System will be regulated in accordance with the Ontario Local Rule.

WHEREAS CUB will provide monitoring and surveillance services to the OSC in respect of trading in securities reported through the OTC System. CUB will not provide enforcement services in respect of the market participants using the OTC System.

WHEREAS CUB will refer any matters relating to a suspected violation of applicable trading rules or securities laws to the OSC or other applicable securities regulatory body.

WHEREAS CUB has agreed to provide to the OSC on request all such trading and surveillance data collected by CUB in respect of the OTC System as the OSC may require.

WHEREAS the OSC requires registered dealers to act in accordance with applicable securities legislation including but not limited to the obligation to deal fairly, honestly and in good faith with its customers.

WHEREAS the OSC expects registered dealers, as part of their general obligations, to have policies and procedures which enable them to operate in a manner which is consistent with the requirements set out in the OTC Terms and Conditions (as defined below);

NOW, THEREFORE, in consideration of CUB permitting the undersigned User to utilize the OTC System, the User agrees with CUB as follows:

1. The User is a registered dealer within the meaning of the Act and shall at all times act in accordance with applicable securities legislation including but not limited to the obligation to deal fairly, honestly and in good faith with its customers and shall have policies and procedures which enable them to operate in a manner which is consistent with the requirements set out in the OTC Terms and Conditions (as defined below);
2. Until such time as the Ontario Local Rule is implemented, the User agrees that the OTC System will be operated and governed in accordance with:
 - (i) Part VI and those portions of the CDN Policy pertaining to trade reporting of unlisted and unquoted equity securities in Ontario as in effect at 5:00 p.m. EST on October 6, 2000; and
 - (ii) such directives as may be issued by authority of the Board of Directors of CUB in respect of the use of the OTC System;(collectively, the "OTC Terms and Conditions" which are attached as Schedule "A" to this Agreement) and the User shall comply with the OTC Terms and Conditions.
3. The User shall promptly communicate to CUB transaction reports with respect to OTC securities in accordance with the OTC Terms and Conditions;
4. The User shall comply with all requirements of the OTC Terms and Conditions and without limiting the generality of the foregoing, all Users acknowledge and agree:
 - (i) that they will provide to CUB any and all records, reports, and information required or requested by CUB in order for CUB to satisfy its regulatory obligations, in such manner and form, including electronically, as may be required by CUB from time to time;
 - (ii) that they will permit CUB or its designate to inspect their records at any time;
 - (iii) that CUB may suspend the User's access to the OTC System pending a determination of the OSC in respect of any referral by CUB to the OSC of any suspected violation of the User's obligation to comply with section 1 above; and
 - (iv) that CUB may terminate the User's access to the OTC System upon notification to CUB by the OSC that the User has violated the OTC Terms and Conditions.
5. The User shall pay, when due, any applicable fees or charges established by CUB from time to time and which current fees and charges are attached as Schedule "B" to this Agreement.

6. The User acknowledges that it is possible that from time to time the OTC System may be disrupted, contain inaccurate information, omit required information or may otherwise operate in an unsatisfactory manner (such events being hereinafter referred to as "Errors") whether through malfunction of equipment, power failure, human error or other reason. The causes of such Errors may be attributable to CUB, the Exchange, negligent or wilful acts or omissions of current or former directors, governors, officers, employees or committee members of CUB or the Exchange (hereinafter collectively referred to as "Personnel") or persons or companies who have supplied goods or services to either CUB or the Exchange in connection with the OTC System (hereinafter referred to as "Contractors").
7. It is acknowledged that neither CUB nor the Exchange assumes any responsibility with respect to the use to which the User, its employees or agents puts the facilities, services or the information obtained therefrom or with respect to the results of such use. It is further acknowledged that the information, services and facilities provided hereunder are provided on the express condition that Users making use of them assent that no liability whatsoever in relation thereto shall be incurred by CUB, the Exchange or Personnel.
8. The User agrees that none of CUB, the Exchange or Personnel shall have any liability whatsoever to the User with respect to any loss, damage, cost, expense or other liability or claim suffered or incurred by or made against the User, directly or indirectly, by reason of Errors, or arising from any negligent, reckless or wilful act or omission or out of the use, operation or regulation of the OTC System by CUB, the Exchange, Personnel or Contractors, or otherwise as a result of the use by the User of the facilities, services or information provided by CUB or the Exchange. By making use of the facilities, services or information provided by CUB or the Exchange the User expressly agrees to accept all liability arising from such use.
9. It is acknowledged by the User that the sole remedy for any wilful or negligent act or omission of any Personnel or Contractors shall be appropriate action, of a disciplinary nature or otherwise, instituted solely at the discretion of CUB or the Exchange.
10. CUB may terminate or amend this Agreement, subject to the approval of its Board of Directors and upon notice to the User, and any subsequent participation of the User in the OTC System shall constitute acceptance by the User of any such amendment.
11. It is acknowledged that neither CUB nor the Exchange shall incur any liability to the User with respect to any loss or damage whatsoever that the User may suffer, directly or indirectly, by reason of any termination of this Agreement.
12. In the event that any legal proceeding is brought or threatened against CUB, the Exchange, Personnel or Contractors to impose liability which arises directly or indirectly from the use by the User of the OTC System or from the use by the User of the facilities, services or

information provided by CUB or the Exchange, the User agrees to indemnify and save CUB and the Exchange harmless from and against:

- (i) all liabilities, damages, losses, costs, charges and expenses of every nature and kind (including, without limitation, legal and professional fees) incurred by CUB or the Exchange in connection with the proceeding, including costs incurred to indemnify Personnel;
- (ii) any recovery adjudged against CUB, the Exchange or Personnel in the event that any of them is found to be liable; and
- (iii) any payment by CUB or the Exchange, made with the consent of the User, in settlement of such proceeding.

13. Except as otherwise expressly provided herein, all of the terms used in this Agreement which are defined in OTC Terms and Conditions are used herein as so defined.
14. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.
15. The Agreement shall not be binding until accepted in writing by CUB.
16. The Agreement shall be effective as of the date accepted in writing by CUB.

[Insert Name of User]

By: _____
Authorized Signatory

Name and Title of Authorized Signatory
(Please Print Name and Title)

By: _____
Authorized Signatory

Name and Title of Authorized Signatory

(Please Print Name and Title)

Accepted this ___ day of _____, 200__

CANADIAN UNLISTED BOARD INC.
By: _____

Schedule "A" to User Agreement

OTC Terms and Conditions

A. Transaction Reporting

1. Operation and Administration of OTC System

- 1.1. All Users shall comply with the Terms and Conditions governing the operation and administration of the OTC System, which Terms and Conditions shall include:
- 1.2. those matters set forth in Part VI applicable to trade reporting in respect of over-the-counter equity securities in Ontario;
- 1.3. those portions of the former CDN Policy pertaining to trade reporting of unlisted and unquoted equity securities in Ontario as in effect at 5:00 p.m. EST on October 6, 2000 and incorporated herein; and
- 1.4. such directives as may be issued by authority of the Board of Directors of CUB in respect of the use of the OTC System.

2. Trades to be Reported

- 2.1. Pursuant to Part VI, every purchase or sale in Ontario of an OTC security made by a registered dealer, as principal or agent, must be reported through the OTC System, with the following exceptions (which shall not be reported through the OTC System):
 - 2.1.1. a trade made through the facilities of a stock exchange or other organized market recognized and identified in this section A-2;
 - 2.1.2. a distribution effected in accordance with the Act by or on behalf of an issuer; or
 - 2.1.3. a secondary trade made in reliance on the exemptions in clauses 72(1)(a), (c) or (d) of the Act.
- 2.2. Where a security that is listed on one or more of the Canadian stock exchanges becomes suspended (i.e., it is no longer posted for trading) on all such exchanges, then any trade in that security by a registered dealer shall become reportable through the OTC System if that security and trade is otherwise required to be reported through the OTC System.
- 2.3. The obligation to report a trade in an OTC security applies only with respect to purchases and sales in Ontario of such security. A purchase or sale in Ontario for the purpose of these OTC Terms and Conditions is one in which either:
 - 2.3.1. the person to whom the trade is confirmed (other than a User) is a resident of Ontario; or
 - 2.3.2. the User's trader or sales representative handling the trade is acting from an Ontario office (irrespective of whether the User is acting as principal or agent).

- 2.4. Transactions that are merely booked through a User's inventory for purposes of adding a usual mark-up or commission in respect of trades which, for all intents and purposes, are agency trades on NASDAQ or a foreign stock exchange, need not be reported through the OTC System. Such transactions are considered to be trades made through the facilities of a foreign stock exchange or NASDAQ.

- 2.5. With respect to clause 2.1.1 above, CUB recognizes NASDAQ, The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited, and all stock exchanges outside of Canada that require participants to report details of transactions and publish such details.

- 2.6. Trades may not be aggregated for reporting purposes except that trades from orders received prior to the opening of the OTC System and simultaneously reported at the opening may be aggregated into a single transaction report.

3. Who Reports Trades

- 3.1. Every purchase or sale in an OTC security that is required to be reported under subsection A-2 above shall be reported on the OTC System in accordance with the following provisions:
 - 3.1.1. Where the transaction involves only one User, that User shall report the trade.
 - 3.1.2. Where the transaction involves two Users, the User by or through whom the sale is made shall report the trade.
 - 3.1.3. Where the transaction is not a trade in Ontario for the seller, the User by or through whom the purchase is made must report the trade.

4. Method, Timing and Content of Trade Reports

- 4.1. For reporting purposes, a trade is a transaction between a User and a given client, or another User, in a specific OTC security, at a given price, and executed at a certain time.
- 4.2. For the purposes of this section A-4, "Reportable Trades" shall mean every purchase or sale in an OTC security that is required to be reported under subsection A-3.
- 4.3. All trade tickets for Reportable Trades shall be time stamped at the time of execution.
- 4.4. All Reportable Trades taking place at or between 9:30 A.M. and 5:00 P.M. on a business day shall be reported through the OTC System within three minutes after execution.
- 4.5. All Reportable Trades taking place after 5:00 P.M. on a business day and prior to 9:30 A.M. the next business day shall be reported through the OTC System between 8:30 A.M. and 9:30 A.M. the next business day and

shall form part of the trading statistics for the next business day.

4.6 .All reports of Reportable Trades shall contain the following information:

4.6.1. symbol of the OTC security traded;

4.6.2 .number of shares traded;

4.6.3. price of the trade as required by section A-5;

4.6.4. the identities of the purchasing and selling Users;

4.6.5. the time of execution of the transaction; and

4.6.6. any trade marker required by these OTC Terms and Conditions.

5. Price to be Reported

5.1. The price to be reported is the price at which the User actually traded with its customer, adjusted by the amount that would be customary as a commission or spread in such transaction.

5.2. A trade with another User is to be reported at the actual price agreed upon. This applies to a trade in which the reporting User is acting as agent for a customer, as well as to a trade in which the User acts as principal vis-a-vis the other User.

B. Dealers' Obligations

1. Prices to Customers

1.1 *Spread or Mark-Up:* Where a trade is substantially an agency transaction, the size of any spread or "mark-up" should reflect the riskless nature of the transaction.

1.2 *Interpositioning:* Users shall not arrange or otherwise participate in any transaction which interpositions an intermediary or other third party in a way that will result in an unfavourable price for a customer of any User.

1.3 Users shall not enter into any transaction with a customer for any OTC security at any price that is not reasonably related to the then current market price of that security or charge a customer a commission or service charge that is not fair and reasonable in all the circumstances.

2. Fair Dealings

2.1. Users shall transact business openly and fairly and in accordance with just and equitable principles of trade. No fictitious sale or contract shall be made in an OTC security.

3. Customer Priority

3.1. No User Shall:

3.1.1. buy or initiate the purchase of a OTC security for its own account or for any account in which it or any person associated with it is directly or indirectly interested, while such User holds or has knowledge that any person associated with it holds an unexecuted market order or limit price order to buy such security for a customer;

3.1.2. sell or initiate the sale of any OTC security for its own account or for any account in which it or any person associated with it is directly or indirectly interested, while it holds or has knowledge that any person associated with it holds an unexecuted market order or limit price order to sell such security for a customer.

3.2. The provisions of this section shall not apply:

3.2.1. to any purchase or sale of any OTC security in an amount less than the customary unit of trading made by a User to offset odd-lot orders for customers;

3.2.2. to any purchase or sale of any OTC security upon terms for delivery other than those specified in such unexecuted market or limit price order; or

3.2.3. to any unexecuted order that is subject to a condition that has not been satisfied.

3.3. For purposes of this section a User may include a reasonable commission charge in determining whether its customer's order is at the same price as a principal order.

4. Best Market Price

4.1. Where a User executes a trade with or for its client for an OTC security that is posted for trading on a foreign market recognized under this subsection, the User shall execute the trade on behalf of the client at a price equal to or better than the market price in the foreign market (taking exchange rates into account), plus or minus (as the case may be) a reasonable commission and any added cost of executing the order in the foreign market.

4.2. For the purpose of this subsection, CUB presently recognizes any foreign stock exchange or organized market that provides real time public dissemination of information, including firm market quotations and trading statistics.

5. Manipulative or Deceptive Trading

5.1. A User shall not use or knowingly participate in the use of any manipulative or deceptive method of trading in connection with the purchase or sale of an OTC security that creates or may create a false or misleading appearance of trading activity or an artificial price for the said security. Without in any way limiting the generality of the foregoing, the following shall be deemed manipulative or deceptive methods of trading:

5.1.1. making a fictitious trade or giving or accepting an order which involves no change in the beneficial ownership of an OTC security;

5.1.2. entering an order or orders for the purchase of an OTC security with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price for the sale of any such security, has been or will be entered by or for the same or different persons and with the intention of creating a false or misleading appearance of active public trading in a security or with respect to the market price of an OTC security;

5.1.3. entering an order or orders for the sale of an OTC security with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price for the purchase of such security, has been or will be entered by or for the same or different person and with the intention of creating a false or misleading appearance of active public trading in a security or with respect to the market price of an OTC security;

5.1.4. making purchases of, or offers to purchase an OTC security at successively higher prices, or sales of or offers to sell any such security at successively lower prices for the purpose of creating or inducing a false or misleading appearance of trading in such security or for the purpose of unduly or improperly influencing the market price of such security; or

5.1.5. effecting, alone or with one or more persons, a series of trades in an OTC security, for the purpose of inducing the purchase or sale of such security, which creates actual or apparent trading in such security or raises or depresses the price of such security.

6. Restrictions on Trading During Distributions

Restricted Users

6.1. The restrictions on trading during a distribution set out in this part 6.1 entitled "Restricted Users" apply to a User (a "restricted User") involved in a distribution by prospectus of an OTC security or a distribution by prospectus, Exchange Offering Prospectus, Statement of Material Facts or "wide distribution" of a security that is related to an OTC security. The restrictions do not apply to a User involved in a distribution only as a selling group member that is not obligated to purchase any unsold securities.

6.1.1 Two securities are "related" if they have substantially the same characteristics, or

(a) one is immediately convertible, exercisable or exchangeable into the other; and

(b) the conversion, exercise or exchange price at the beginning of the restricted period (as defined below) is less than 110% of the offer price of the underlying security on the principal market where the underlying security is traded.

6.1.2 A "wide distribution" means a series of distribution principal trades to not less than 25 separate and unrelated client accounts, no one of which participate to the extent of more than 50% of the total value of the distribution

Restrictions

6.1.3 During the restricted period, a restricted User shall not bid for or purchase an OTC security that is being distributed or that is related to a security being distributed except as follows:

Distributed Securities

6.1.4 Restricted User Not Short. A restricted User that is not short the OTC security being distributed may bid for or purchase it at or below the lower of the highest independent bid price at the time of the bid or purchase and the distribution price.

(a) A restricted User may bid for or purchase the OTC security being distributed at or below the distribution price.

(b) A restricted User that makes an initial bid below the distribution price shall not raise that bid price during the restricted period.

6.1.5 *Restricted User Short.* A restricted User that is short the OTC security being distributed may bid for or purchase it at or below the distribution price.

- (c) an affiliate of the issuer or selling OTC security holder; or
- (d) a person acting jointly or in concert with any of the foregoing.

Related Securities

6.1.6 A restricted User may bid for or purchase a related OTC security at or below the highest independent bid price.

6.1.7 If there is no independent bid price for a related OTC security, a restricted User shall not bid for or purchase that security without the prior consent of CUB.

- (a) A bid price is "independent" if it is for the account of a User that is not involved in the distribution or is involved only as a member of a selling group.
- (b) A restricted User shall not solicit purchase orders for the OTC security being distributed or any related OTC security during the restricted period except orders to purchase OTC securities being sold pursuant to the distribution.
- (c) The above restrictions do not affect sales by restricted Users to unsolicited client buy orders. In the case of an OTC security that will be listed on the Toronto Stock Exchange ("TSE") or the Canadian Venture Exchange Inc. ("CDNX") and until such time as the OTC security is actually listed and posted for trading on the TSE or CDNX and the TSE's or CDNX's market stabilization rules apply, Users must comply with the above market stabilization restrictions.

6.3. The "restricted period" begins on the later of:

6.3.1. the ninth trading day (or, in the case of a OTC security that is related to a TSE or CDNX-listed security, the second trading day) prior to the date on which the offering price of the OTC securities to be distributed is determined; and

6.3.2. the date on which the restricted User agrees to participate in a distribution, whether or not the terms and conditions of such participation have been agreed upon.

6.3.3. The restricted period ends on the earlier of:

- (a) the ninth trading day (or, in the case of a OTC security that is related to a TSE or CDNX listed security, the second trading day) prior to the date on which the offering price of the OTC securities to be distributed is determined; and
- (b) the date on which the restricted User has sold all of the OTC securities allotted to it (including all securities acquired by it in connection with the distribution) and any stabilization arrangements to which it is a party have been terminated; and
- (c) the date on which the distribution has been terminated pursuant to applicable securities legislation,

All Users

6.2. The restrictions on trading during a distribution set out in this part 6.2 entitled "All Users" apply to all Users

Restrictions

6.2.1 During the restricted period, no User shall participate in a trade of an OTC security that is being distributed or that is related to an OTC security being distributed involving a purchase by or on behalf of:

- (a) the issuer of the OTC security;
- (b) a selling OTC security holder whose securities are being distributed

provided that, if purchasers of 5% or more of the OTC securities allotted to or acquired by a restricted User in connection with a distribution give notice that they intend to exercise their statutory rights of withdrawal, the restricted period shall again apply to that User until the OTC securities are resold or the distribution ends, as provided above. Securities are not considered "sold" before the receipt for the final prospectus has been issued.

7. Disclosure of Interest or Control

7.1. Any User that is an insider (as that term is defined in the Act) or is controlled by, directly or indirectly, controls, or is under common control of any issuer must disclose to its customers prior to, and confirm, in writing, at the time of buying or selling any OTC security of such an issuer, the nature and existence of any such relationship.

8. System Failures

- 8.1. Trades made during an OTC system power failure or any other event that would fully or partially disable the system or cause it to malfunction must be reported on the system immediately upon the system being available to accept such data.

9. Settlement Rules

- 9.1. The settlement of transactions shall conform to the rules and practices of the TSE, CDNX and The Canadian Depository for Securities Limited.

C. Fees And Charges

1. Every User shall pay the applicable OTC System fees.
2. All fees and charges of CUB, including, but not limited to, the fees charged for transaction reports shall be determined by CUB's board of directors.

D. Access

1. Where the Commission has provided CUB with information relating to:
- 1.1. disciplinary or other action the Commission determines to take against a User which, in the Commission's view will have a material impact on the User's participation in the OTC System; or
- 1.2. the issuers of OTC Securities, registrants under the Act or any other persons that leads the Commission to believe that there has been or will be a breach of the terms and conditions of Part VI.
2. CUB may suspend the Users access to the OTC System pending a determination by the Commission in respect of such matters.
3. Where CUB has referred any matter relating to a suspected violation by a User of the OTC Terms and Conditions, CUB may suspend the Users access to the OTC System pending a determination by the Commission in respect of such matters.
4. Where the Commission has notified CUB that a User has violated the OTC Terms and Conditions, CUB may terminate the User's access to the OTC System

E. Miscellaneous

1. All references to a "business day" in this Schedule "A" shall mean any day from Monday to Friday inclusive.
2. All references to a time of day in the Schedule "A" shall mean Eastern Standard Time.

Schedule "B" to User Agreement

Canadian Unlisted Board Inc. User and Transaction Fees

1. USER TRANSACTION FEE
\$1.95/trade (each side)
2. USER FEE:
Monthly Fee of \$150.00
per Employee CUB access ID granted,
up to a maximum of \$500.00/month per User

Schedule E

Revisions to Corporate Finance Manual
 Re: Reporting Issuer Status of Exchange Listed Issuers

These policy amendments are not effective until June 30, 2001.

Policy 1.1 – Interpretation

The following definitions will be added to Policy 1.1:

“**NOBOs**” refers to non objecting beneficial owners as currently defined in Proposed National Instrument 54-101 or as defined in the final form of the instrument.

“**Significant Connection to Ontario**” will exist where an Issuer or a Resulting Issuer following completion of a Reverse Take-Over or the Qualifying Transaction of a Capital Pool Company:

- (a) has NOBOs resident in Ontario who beneficially own more than 20% of the number of equity securities beneficially owned by the NOBOs of the Issuer or Resulting Issuer; or
- (b) has its mind and management principally located in Ontario and has NOBOs resident in Ontario who beneficially own more than 10% of the number of equity securities beneficially owned by the NOBOs of the Issuer or Resulting Issuer.

The residence of a majority of the board of directors in Ontario or the residence of the President or Chief Executive Officer in Ontario may be considered determinative in assessing whether the mind and management of the Issuer or Resulting Issuer is principally located in Ontario.

Policy 2.3 – Listing Procedures

The following section 4 will be added to Policy 2.3:

4. Significant Connection to Ontario

- 4.1 Where it appears to the Exchange that an Issuer undertaking an Initial Listing on the Exchange has a Significant Connection to Ontario, the Exchange will, as a condition of its acceptance of the Initial Listing, require the Issuer to provide the Exchange with evidence that it has made a bona fide application to become a reporting issuer in Ontario.

Policy 2.4 – Capital Pool Companies

The following subsection 12.6 will be added to Section 12, *Qualifying Transaction*, of Policy 2.4:

12.6 Assessment of a Significant Connection to Ontario

- (a) Where a Resulting Issuer will have a Significant Connection to Ontario, it must be a reporting issuer in Ontario at the Completion of the Qualifying Transaction.

Policy 2.9 – Trading Halts, Suspensions and Delisting

The following clause (h) will be added to section 3.1, *Reasons for Suspension*, of Policy 2.9:

- 3.1 The Exchange may impose a suspension in a variety of circumstances including where:
 - (h) an Issuer fails to comply with a direction or requirement of the Exchange to make application for and obtain reporting issuer status in Ontario when it has a Significant Connection to Ontario.

Policy 3.1 – Directors Officers and Corporate Governance

The following sections will be added to Policy 3.1:

Subsection 2.8 will be added to section 2, *Directors and Management Qualifications*:

- 2.8 Where an Issuer has a Significant Connection to Ontario, the Exchange may refuse to grant Exchange Acceptance of any application relating to the acceptability of any director, officer or Insider, or revoke, amend or impose conditions in connection with a previous Exchange Acceptance of any such application, until such time as the Issuer has complied with a direction or requirement of the Exchange to make application or to become a reporting issuer in Ontario (See section 19, *Assessment of a Significant Connection to Ontario* of this Policy).

Subsection 12.3 will be added to section 12, *Management Compensation and Compensation Committee*:

12.3 The Exchange may refuse to accept any application that would provide remuneration, compensation or incentive to the directors, officers or Insiders of the Issuer until such time as the Issuer has complied with a direction or requirement of the Exchange to make application or to become a reporting issuer in Ontario where the Issuer has a Significant Connection to Ontario. (See section 19, *Assessment of a Significant Connection to Ontario* of this Policy).

Section 19 will be added to Policy 3.1

19. Assessment of a Significant Connection to Ontario

- 19.1 Effective June 30, 2001 all Issuers, that are not otherwise reporting issuers in Ontario, are required to immediately assess whether they have a Significant Connection to Ontario.
- 19.2 Where an Issuer, that is not otherwise a reporting issuer in Ontario, becomes aware that it has a Significant Connection to Ontario as a result of complying with subsection 19.1 or otherwise, the Issuer is required to immediately notify the Exchange, and promptly make a *bona fide* application to the Ontario Securities Commission to be deemed a reporting issuer in Ontario. The Issuer must become a reporting issuer in Ontario within six months of becoming aware that it has a Significant Connection to Ontario.

19.3 All Issuers, that are not otherwise reporting issuers in Ontario, are required to assess on an annual basis, in connection with the preparation for mailing of their annual financial statements, whether they have a Significant Connection to Ontario. All Issuers must obtain and maintain for a period of three years after each annual review, evidence of the residency of the NOBOs of the Issuer.

19.4 If requested, Issuers must provide the Exchange with evidence of the residency of their NOBOs.

Policy 5.2 – Changes of Business and Reverse Takeovers

The following subsection will be added to section 10, *Other Requirements* of Policy 5.2:

10.6 Assessment of a Significant Connection to Ontario

- (a) Where, pursuant to an RTO, a Resulting Issuer will have a Significant Connection to Ontario, it must be a reporting issuer in Ontario at the Completion Date of the RTO.

Schedule F

Policy 5.9

INSIDER BIDS, ISSUER BIDS, GOING PRIVATE TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Scope of Policy

This Policy is not effective until June 30, 2001.

This Policy incorporates Ontario Securities Commission ("OSC") Rule 61-501, Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions (the "OSC Rule"), together with the Companion Policy 61-501CP (the "OSC Policy"), as they exist as at September 1, 2000 as a policy of the Exchange, subject to certain modifications. In addition to the stated exemptions in the OSC Rule, this Policy also provides certain **additional exemptions**. A complete copy of the OSC Rule and OSC Policy can be found on the OSC's website at www.osc.gov.on.ca. The text of the OSC Rule and OSC Policy have also been incorporated, respectively, as Appendix 5B and Appendix 5C to the Exchange's Corporate Finance Manual.

The main headings of this Policy are:

1. Definitions
2. Effective Date of this Policy
3. Application of the OSC Rule and OSC Policy
4. Exchange Valuation Exemptions

1. Definitions

- 1.1 Definitions contained in the OSC Rule and OSC Policy that are inconsistent with definitions contained within other Exchange policies shall be applicable only to the interpretation of this Policy.
- 1.2 References in the OSC Rule and OSC Policy to the "Director", for the purposes of this Policy, shall refer to a Vice-President, Corporate Finance of the Exchange.
- 1.3 "**Feasibility Study**" for the purpose of this Policy, means a comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail to serve as the basis for a qualified person experienced in mineral production activities, acting reasonably, to make a final decision on whether to proceed with development of the deposit for mineral production.
- 1.4 "**Independent Committee**" for the purpose of this Policy, means a committee consisting exclusively of two or more Independent Directors.
- 1.5 "**Independent Directors**" for the purpose of this Policy, means for an Issuer, a director who is neither an employee, senior officer, Control Person or management consultant of the Issuer or its Associates or Affiliates and is otherwise independent as determined in accordance with section 7.1 of the OSC Rule.

1.6 "Related Party" and "Related Party Transaction" have the meaning ascribed to such terms in the OSC Rule.

1.7 "Unrelated Investors" for the purpose of this Policy, means Persons who are not Related Parties of the Issuer or the Target Issuer and who are not members of the Pro Group.

2. Effective Date of this Policy

2.1 This Policy shall become effective June 30, 2001 (the "Effective Date"). Prior to the Effective Date of this Policy, the Exchange may nevertheless use this Policy as a guideline.

3. Application of the OSC Rule and OSC Policy

3.1 The Exchange considers it appropriate to have policies providing guidance in respect of insider bids, issuer bids, going private transactions and related party transactions, and in particular concerning the circumstances in which disinterested shareholder approval, valuations, independent board committee approval and enhanced disclosure are required. On May 1, 2000, the OSC Rule and the OSC Policy became effective, replacing the former OSC Policy 9.1. Although the Exchange is considering adoption of its own separate policy, the Exchange considered the OSC Rule and the OSC Policy and determined that in an effort to create a national, harmonized set of rules, it would adopt the OSC Rule and the OSC Policy as a CDNX policy.

3.2 On the Effective Date, this Policy will apply to all Issuers listed on CDNX or seeking listing on CDNX, regardless of whether the Issuer is a reporting issuer in Ontario. References in either the OSC Rule or the OSC Policy to their application to Ontario reporting issuers, for the purposes of this policy, shall be considered to be references to Issuers listed on CDNX.

3.3 Subject to the modifications described in this Policy, and in particular the additional exemptions set forth in section 4 of this Policy, the OSC Rule and the OSC Policy are adopted, in their entirety, as a Corporate Finance policy of the Exchange as at the Effective Date.

3.4 Prior to the Effective Date, the Exchange will be reviewing its other corporate finance policies to minimize any conflicts or inconsistencies created by the introduction of this Policy and to provide appropriate cross-references and clarifications.

3.5 A number of Exchange policies may be impacted by the adoption of the OSC Rule and the OSC Policy, including the following:

- (a) Policy 2.4, Capital Pool Companies,
- (b) Policy 4.1, Private Placements,
- (c) Policy 5.2, Changes of Business and Reverse Take-Overs,

(d) Policy 5.3, Acquisitions and Dispositions of Non-Cash Assets,

(e) Policy 5.5, Stock Exchange Take-Over Bids and Issuer Bids, and

(f) Policy 5.6, Normal Course Issuer Bids.

4. Exchange Valuation Exemptions

4.1 The OSC Rule contains various provisions exempting issuers from its application. In regard to valuations, the OSC Rule sets out various situations in which an Issuer is exempt from the requirement to obtain an independent valuation. In addition to the stated exemptions in the OSC Rule and subject to sections 4.3 and 4.4 below, the Exchange will also generally exempt an Issuer from the requirement of an independent valuation ("Exchange Valuation Exemptions") in the course of Exchange acceptance of a Related Party Transaction in connection with a:

Qualifying Transaction by a CPC;

Change of Business;

Reviewable Acquisition;

Reviewable Disposition; or

Reverse Take-Over or such other transaction deemed to be a Reverse Take-Over by the Exchange notwithstanding that the transaction may not be a reverse take-over for accounting purposes;

provided that one of the following circumstances is met:

- (a) the fair market value of the assets, business or securities is "indeterminate" with reference to the criteria described in section 4.5 below; or
- (b) the transaction constitutes the acquisition or disposition of an oil and gas property in North America and the Issuer has obtained an independent engineering or geological report, which provides a value of proved and probable reserves based on constant dollar pricing presented at discount rates of 10%, 15% and 20%, with probable reserves discounted a further 50%; or
- (c) the transaction constitutes the acquisition or disposition of a mineral resource property and the Issuer has obtained a Feasibility Study based on proven and probable reserves that demonstrates a minimum three year mine life; or
- (d) the transaction constitutes an acquisition by either a CPC or an Issuer that does not meet Tier 2 Tier Maintenance Requirements such that the Issuer could be designated Inactive, and the consideration to be paid consists solely of equity securities of the Issuer and the Issuer is conducting a concurrent financing constituting the issuance of equity securities provided that:

- (i) the product obtained by multiplying the gross proceeds of the financing by the inverted fractional interest that the concurrent financing subscribers will own of the Issuer, less net tangible assets of the Issuer, is equal to or greater than the total of the deemed value of the securities being issued for the assets, business or securities to be acquired;
- (ii) Unrelated Investors purchase equity securities in the concurrent financing representing 20% or more of the total issued and outstanding equity securities of the Issuer after giving effect to both the concurrent financing and the transaction; and
- (iii) Unrelated Investors contribute at least 2/3 of the aggregate proceeds of the concurrent financing.

Eg. An Issuer has outstanding 5,000,000 Listed Shares and is conducting an acquisition of a private start-up technology company, Targetco. The purchase price for all of the issued and outstanding shares of Targetco is to be the issuance by the Issuer of 10,000,000 Listed Shares at \$0.30 (ie. a deemed value of \$3,000,000) to acquire all of the issued and outstanding shares of Targetco. Concurrently with the acquisition, the Issuer is conducting a financing to arm's length subscribers, issuing 5,000,000 Listed Shares at \$0.30 to raise total gross proceeds of \$1,500,000. In this example, the Issuer has no net tangible assets other than the cash raised on the financing in the amount of the \$1,500,000

The subscribers to the concurrent financing will own 25% of the Resulting Issuer, assuming completion of both the acquisition and the financing. Accordingly, the required 20% minimum has been met and the financing can be used as an alternative method of valuation.

Based on the financing, the Exchange will accept a deemed value for Targetco of up to \$4,500,000.

The \$4,500,000 is calculated by multiplying the gross proceeds of the concurrent financing (ie. \$1,500,000) by the inverted fractional interest that the concurrent financing subscribers will own of the Resulting Issuer. (ie. 25% is 25/100 which, when inverted is 100/25) less net tangible assets of the Issuer (which, in this case, are confined to \$1,500,000). \$4,500,000 ($\$1,500,000 \times 100/25 - \$1,500,000$) is the maximum deemed value attributable to Targetco. Since the Issuer only intends to pay a deemed price of \$3,000,000, the consideration to be paid is acceptable.

4.2 Subject to sections 4.3 and 4.4 below, an Exchange Valuation Exemption will also generally be available to an Issuer in the course of Exchange acceptance of a Private Placement which is a Related Party Transaction:

- (a) where the fair market value of the Issuer's securities is "indeterminate" with reference to the criteria described in section 4.5 below; or

(b) where:

- (i) a liquid market (as defined in paragraph 1.3(1)(a) of the OSC Rule) does not exist for the securities of the Issuer at the time the transaction is agreed to;
- (ii) the Exchange's normal pricing policies will be applied in fixing the price of the equity securities purchased on the Private Placement;
- (iii) Unrelated Investors contribute at least 2/3 of the aggregate proceeds of the Private Placement; and
- (iv) the pro rata share of the total issued and outstanding equity securities of the Issuer owned by any Related Party of the Issuer will not increase after giving effect to the Private Placement.

4.3 Where an Issuer relies upon the Exchange Valuation Exemptions:

- (a) the Issuer must provide to the Exchange a certificate in accordance with section 4.4 below, executed by either a majority of the board of directors of the Issuer which must include two or more Independent Directors or an Independent Committee;
- (b) the contents of the Certificate must be disclosed in any Information Circular or Filing Statement provided to shareholders in connection with the transaction; and
- (c) any securities issued in consideration for such assets, business or securities will be subject to escrow or other resale restrictions as prescribed by the Exchange. See *Policy 5.4 - Escrow and Vendor Consideration*.

4.4 The certificate referred to in section 4.3 above shall provide:

- (a) disclosure with respect to the Exchange Valuation Exemption being relied upon and the basis for such reliance;
- (b) disclosure of the manner in and basis upon which price or value was determined;
- (c) that either a majority of the board of directors of the Issuer including two or more Independent Directors or the Independent Committee, having made reasonable inquiry, have:
 - (i) no knowledge of a Material Change or Material Fact concerning the Issuer or its securities that has not been generally disclosed; and
 - (ii) no reason to believe it is inappropriate to apply the Exchange's normal pricing policies; and

- (d) in respect of the exemptions set forth in subsections 4.1(a) and 4.2(a) above, the certificate must also state that:
- (i) either a majority of the board of directors of the Issuer including two or more Independent Directors or the Independent Committee, acting in good faith, reasonably believe that the fair market value of the assets, business or securities is "indeterminate" with reference to the criteria described in section 4.5; and
 - (ii) there has been disclosure of the manner and basis upon which the consideration to be paid for the assets, business or securities was determined including, without limitation, reference to net tangible asset value;
- (e) in respect of the exemption set forth in subsection 4.1(d) above, the certificate must also state that:
- (i) prior to making their investment, the Unrelated Investors will have received disclosure in the Information Circular or offering memorandum, as the case may be, of all matters relating to or affecting the concurrent financing and the transaction;
 - (ii) prior to voting on the transaction, the shareholders of the Issuer will have received disclosure in the Information Circular of all matters relating to or affecting the concurrent financing and the transaction; and
 - (iii) either a majority of the board of directors of the Issuer including two or more Independent Directors or the Independent Committee, having made reasonable inquiry, have no knowledge of any matter that might impact upon the deemed value determined in subsection 4.1(d).
- (f) in respect of the exemption set forth in subsection 4.2(b) above, that the pro rata share of the total issued and outstanding equity securities of the Issuer owned by any Related Party of the Issuer will not increase after giving effect to the Private Placement.
- 4.5 The Exchange will generally consider assets, businesses or securities to be of "indeterminate" value where:
- (a) the Issuer has demonstrated, to the satisfaction of the Exchange, a minimal history of commercial operations (less than one full fiscal year); and
 - (b) financial statements relating to such assets, business or securities evidence:
 - (i) no cumulative earnings since commencement of operations;
 - (ii) either no sales or revenues or minimal cumulative sales or revenues derived from operations (less than \$1,000,000 since the commencement of operation of such assets or business); and
 - (iii) no positive cash flow or a minimal history of positive cash flow (two or fewer quarterly reporting periods).
- 4.6 The Exchange exemptions from the valuation requirements are only exemptions from the application of this Policy. An Issuer that is a reporting issuer in Ontario and is therefore directly subject to the OSC Rule and OSC Policy cannot rely upon the Exchange Valuation Exemptions to exempt them from the requirements of the OSC Rule and OSC Policy.
- 4.7 Where an Issuer is a reporting issuer in Ontario and the Issuer seeks an exemption from the OSC Rule or OSC Policy from the OSC, the Issuer must make application to the OSC with a copy of such application and all subsequent correspondence being provided to the Exchange. Where an exemption or waiver is permitted by the OSC, the Exchange will generally defer to the decision of the OSC.
- 4.8 Where an Issuer is not a reporting issuer in Ontario and is not directly subject to the OSC Rule and OSC Policy and seeks only an exemption from this Policy 5.9, the Issuer will make application for exemption or waiver of this Policy solely to the Exchange.

1.1.3 Notice of Minister of Finance Approval of Final Rule Under the Securities Act - National Instrument 35-101 and Companion Policy 35-101 CP: Conditional Exemption from Registration Requirements for United States Broker-Dealers and Agents

**NOTICE OF MINISTER OF FINANCE APPROVAL OF FINAL RULE UNDER THE SECURITIES ACT - NATIONAL INSTRUMENT 35-101 AND COMPANION POLICY 35-101CP
CONDITIONAL EXEMPTION FROM REGISTRATION REQUIREMENTS FOR UNITED STATES BROKER-DEALERS AND AGENTS**

The Minister of Finance approved National Instrument 35-101 (the "National Instrument") and Companion Policy 35-101CP: Conditional Exemption and from Registration Requirements for United States Broker-Dealers and Agents (the "Companion Policy") on December 6, 2000.

Previously, materials related to the National Instrument were published in the Bulletin on October 17, 1997, July 16, 1999 and November 17, 2000. The National Instrument was adopted by the Commission on July 18, 2000 and was published in final form on November 17, 2000. The National Instrument and Companion Policy will come into force on January 1, 2001 and will be published in the Ontario Gazette on December 30, 2000. Effective January 1, 2001, CSA Notice 35-301 - Conditional Exemption from Registration for United States Broker-Dealers and Agents is rescinded.

The Rule and Companion Policy are published in Chapter 5 of the OSC Bulletin.

1.1.4 Notice of Minister of Finance Approval of Final Rule under the Securities Act - OSC Rule 54-501 Prospectus Disclosure in Certain Information Circulars

NOTICE OF MINISTER OF FINANCE APPROVAL OF FINAL RULE 54-501 PROSPECTUS DISCLOSURE IN CERTAIN INFORMATION CIRCULARS

On December 6, 2000, the Minister of Finance approved Rule 54-501 (the "Rule"). Previously, materials related to the Rule were published in the Bulletin on March 17 and October 13, 2000. The Rule will come into effect on December 31, 2000.

The final Rule is published in Chapter 5 of this Bulletin.

1.1.5 Notice Regarding Rule 31-506 SRO Membership - Mutual Fund Dealers

**Notice of Minister of Finance Request for Further Consideration
Ontario Securities Commission
Rule 31-506 SRO Membership - Mutual Fund Dealers**

And

Notice Regarding the Application of the Mutual Fund Dealers Association of Canada For Recognition as a SRO for Mutual Fund Dealers

Minister of Finance Request: On October 11, 2000, the Commission delivered Rule 31-506 SRO Membership - Mutual Fund Dealers (the "Rule") to the Minister of Finance for approval under section 143.3 of the *Securities Act*.¹

On December 11, 2000, the Minister returned the Rule to the Commission for further consideration. In his letter returning the Rule to the Commission, the Minister indicated his support for the Commission's initiative in encouraging the development of the Mutual Fund Dealers Association of Canada (the "MFDA") and acknowledged that the MFDA will be an important component in promoting investor confidence and consumer protection in the Canadian mutual fund sector. The Minister noted his understanding that two other provinces have concerns about implementation elements of the MFDA and requested that the Commission understand and consider their issues. The Minister also requested that the Commission continue to work with the MFDA to ensure that comments from the entire mutual fund industry are addressed appropriately.

The Commission is publishing this Notice as required by subsection 143.6(b) of the *Securities Act*.

Status of Application by the MFDA for Recognition as a SRO for Mutual Fund Dealers: On June 16, 2000, the Commission published for comment the MFDA's application for recognition as a self-regulatory organization ("SRO") for mutual fund dealers and the Commission's proposed criteria for recognition of a SRO for mutual fund dealers.² As noted by the Commission in October 2000, in its Notice of Final Rule³, during the comment period on the Rule and the MFDA Recognition Package, approximately 430 comment letters were received. All of the comment letters were delivered to the MFDA for review and response and are publicly available for review at the office of Micromedia, 20 Victoria Street, Toronto, Ontario (416) 312-5211 or (800) 387-2689. The Commission summarized the comments it received on the Rule in the Notice of Final Rule.

The Commission received the MFDA's revised application for recognition as a SRO for mutual fund dealers on December 18, 2000. This revised application includes:

1. A summary of the comments the MFDA received on the MFDA Recognition Package and the response of the MFDA to those comments.
2. The By-law and Rules of the MFDA revised to reflect the changes made by the MFDA in response to comments received.
3. A description of those MFDA Rules that the MFDA has decided to suspend for specified transition periods. These MFDA Rules include, among others, (i) the Rule prohibiting dealers from paying commissions to personal corporations of salespersons, (ii) the Rules requiring specified levels of capital for different categories of dealers and (iii) the MFDA Rule requiring that annual statements be sent to clients.

The MFDA's revised application for recognition, including its summary of comments and responses to those comments, are available on the MFDA website at <http://www.mfda.ca>.

Staff are presently reviewing the MFDA's revised application for recognition and expect to present the MFDA's application for recognition to the Commission by early February 2001. Staff may recommend that the Commission require, as a term of recognition, that the MFDA amend specified rules from the rules provided to the Commission in the revised application for recognition.

Should the Commission recognize the MFDA as a SRO for mutual fund dealers, the Commission will re-deliver the Rule to the Minister for his approval and the following will be published in the Bulletin:

1. The Rule, as re-delivered to the Minister.
2. The Commission's Recognition Order and Terms and Conditions of Recognition of the MFDA as a SRO for mutual fund dealers.
3. The MFDA's Summary of Comments and Responses to those Comments.
4. The final MFDA By-law and Rules.

Status of MFDA Investor Protection Plan: In the October 2000 Notice of Final Rule, the Commission indicated that an essential term and condition of any Commission recognition of the MFDA will be that the MFDA establish a MFDA Investor Protection Plan tailored for members and the risks associated with members' business. The Commission expects to receive an application by the MFDA Investor Protection Plan for Commission approval of this Plan as a compensation fund or contingency trust fund for members of the MFDA in January 2001. The Commission will request public comment on the Plan upon receipt of the application, and will consider the Plan's application after reviewing any comments received.

Status of Mandatory Membership in the MFDA by Mutual Fund Managers and Portfolio Managers: In the October 2000 Notice of Final Rule, the Commission addressed comments it received on the Rule regarding mandatory membership in the MFDA by mutual fund managers and portfolio managers who are also registered as mutual fund dealers. Staff of the Commission have considered the issues raised in this comment and on December 6, 2000 sent a letter

¹ (2000) 23 OSCB 7013.

² (2000)23 OSCB (Supp.).

³ Above at Note 1.

to The Investment Funds Institute of Canada and the Investment Counsel Association of Canada describing staff's views on the potential for these registrants to apply for certain exemptions. This letter is reproduced immediately following this Notice.

Proposed Format of MFDA Application Form: In the October 2000 Notice of Final Rule, the Commission noted that the MFDA will post its form of application for membership and a description of the application on its website during the fall of 2000. A Draft Membership Application Package for membership in the MFDA is now available, for information purposes only, on the website of the MFDA. The MFDA notes on its website, that it anticipates that the basic format and requirements included in the Draft Membership Application Package will be substantially similar to the final version that will be used for MFDA membership. It can be found at <http://www.mfda.ca/draftapplicationpackage.pdf>.

December 22, 2000.

For further information on the Rule or the status of the Commission's consideration of the MFDA's application for recognition as a SRO, please contact:

Rebecca Cowdery
Manager, Investment Funds
Capital Markets
(416) 593-8129
rcowdery@osc.gov.on.ca

Toni Ferrari
Manager, Compliance
Capital Markets
(416) 593-3692
tferrari@osc.gov.on.ca

Antoinette Leung
Senior Accountant, Compliance
Capital Markets
(416) 595-8901
aleung@osc.gov.on.ca

Tamara Hauerstock
Legal Counsel, Investment Funds
Capital Markets
(416) 595-8915
thauerstock@osc.gov.on.ca

Letter Sent to The Investment Funds Institute of Canada and the Investment Counsel Association of Canada:

December 6, 2000

The Investment Funds Institute of Canada
151 Yonge Street
5th Floor
Toronto, ON
M5C 2W7

Attention: Honourable Thomas A. Hockin

Investment Counsel Association of Canada
61 Shaw Street
Toronto, ON
M6J 2W3

Attention: Colin Haddock

Dear Sirs:

RE: Firms registered as Mutual Fund Dealers who are also Mutual Fund Managers and/or Portfolio Managers

As you know, provincial securities regulators considering recognition of the Mutual Fund Dealers Association of Canada are at various stages of making rules requiring mutual fund dealers to join a self regulatory organization for mutual fund dealers (collectively, "Membership Rules"). Staff in these jurisdictions have received inquiries from registrants whose registration as mutual fund dealer is used to carry on what they perceive as an incidental or secondary part of their business. These registrants submit that mandatory membership in a SRO is not appropriate due to the nature of their business. These registrants carry on a primary business that falls into two broad categories:

- (1) Mutual fund managers who do not sell their sponsored mutual funds directly to the public but are registered as mutual fund dealers to enable them to carry on incidental sales and marketing activities.
- (2) Portfolio managers conducting a money management business and who are also registered as mutual fund dealers to enable them to sell their mutual funds (pooled funds) to their discretionary account clients or directly to the public.

Mutual Fund Managers

Staff understand that mutual fund managers not carrying on a direct mutual fund distribution business are nonetheless registered as mutual fund dealers for several reasons:

- a) they are concerned that their marketing and wholesaling activities vis a vis their mutual funds subject them to the registration requirement;
- b) they believe that they require this registration to fulfil their role as principal distributor of their funds;

- c) they became registered when the provincial securities regulators required an underwriter certificate for mutual fund prospectuses and have maintained that registration;
- d) they take purchase and redemption orders, including switch requests, directly from clients who hold mutual fund units in "client name", particularly when the client's original dealer does not consider the client an active client; or
- e) they believe that this registration is necessary to service house accounts of employees and family members of employees and various service providers to the manager.

Mutual fund managers carrying on the activities listed in paragraphs (a), (b) or (c) should consider whether they wish to continue their registration or apply for an exemption from registration. Staff have concluded that it may be appropriate to exempt mutual fund managers carrying on the activities listed in paragraphs (a), (b), and (c) from the requirement to obtain registration as a mutual fund dealer.

In addition, provided the activities are limited and incidental to their primary activity of managing mutual funds, mutual fund managers who accept purchase and switch orders in the circumstances described in (d), or who carry out the activities described in (e) may wish to apply for an exemption from the Membership Rules. Mutual fund managers should also review existing exemptions from registration in relevant provinces to determine if any are applicable to their businesses. Registrants making an application for exemption should explain the reasons why they are registered as mutual fund dealers and describe the full extent of their trading activities. Applications will be considered on a case-by-case basis by the applicable regulator. Staff will likely recommend relief from the Membership Rules in circumstances where staff agree that the registrable activities are limited and incidental to an applicant's business. Registrants who are exempted from the Membership Rules must continue to maintain their registration as a mutual fund dealer and comply with applicable securities legislation and rules.

Portfolio Managers

Firms registered as advisers in the category of portfolio manager act on behalf of both institutional and private high net worth clients pursuant to investment management agreements. Registration as a portfolio manager permits registrants to manage the investment portfolio of clients through discretionary authority granted by one or more clients giving discretion to the portfolio manager to manage assets. According to the comments received during the MFDA recognition comment process, the reasons that a portfolio manager would seek registration as a mutual fund dealer are:

- a) it has prospectus-qualified its pooled funds to enable it to manage all of a client's assets, including those which might not meet a given jurisdiction's exemption thresholds for investing in securities without a prospectus; or
- b) it sells these mutual funds directly to the public.

Some portfolio managers have commented that if required to become a member of the MFDA, the rules of the MFDA would make it difficult or impossible to comply with the terms of the account management agreements they have with their clients. Most notably:

- a) the assets under administration fee model adopted by the MFDA would assess fees based on all relevant assets of a given portfolio manager rather than being limited to those assets related to sales for which mutual fund dealer registration is required; and
- b) the draft rules of the MFDA prohibit discretionary trading by members.

Portfolio managers have suggested that the regulators should consider providing an exemption from the Membership Rules or exemptions from certain of the MFDA rules.

Staff are of the view that, to the extent that a portfolio manager is selling its pooled funds (whether or not prospectus qualified) to clients for whom they have fully managed accounts governed by the terms of an investment management agreement, it may be appropriate for the portfolio manager to be granted an exemption from the requirement to obtain registration as a mutual fund dealer. A portfolio manager exempted from registration would not be required to become a member of the MFDA.

Registrants making such an application should explain the reasons why they are registered as mutual fund dealers and describe the full extent of their trading activities. Applications will be considered on a case-by-case basis by the applicable regulator. Staff will likely recommend relief from the registration requirements in circumstances where the portfolio manager confirms the nature of their trading activities is such that all clients receiving such fund securities do so pursuant to a discretionary account agreement with the portfolio manager. Staff would likely recommend a condition that such relief expire after a specified limited period after the coming into force of a rule related to pooled funds managed by portfolio managers.

Fund Managers and Portfolio Managers Selling Directly to the Public

Where a fund manager or a portfolio manager is selling mutual funds pursuant to a prospectus directly to the public, it is appropriate for that registrant to be registered as a mutual fund dealer and to be subject to the Membership Rules.

With respect to exemptions from certain MFDA rules, MFDA staff have noted the difficulties inherent in attempting to regulate only a portion of the assets administered by a member and therefore exemptions from the relevant MFDA rules may not be feasible. As a result, registrants concerned about the impact of MFDA rules upon their business may wish to consider the advice of the Ontario Securities Commission noted in the Notice of Rule 31-506 SRO Membership - Mutual Fund Dealers at (2000) 23 OSCB 7015 - namely, changing their business structure by creating a subsidiary to carry on their mutual fund distribution business, surrender their existing registration as mutual fund dealers and register the subsidiary instead. The subsidiary would then be required to be a member of the MFDA and subject to all of its rules.

Please note that I am writing this letter on behalf of staff in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. Questions on a registrant's individual status in a particular jurisdiction should be directed to the relevant jurisdiction as follows:

Ross McLennan
Director, Registration
British Columbia Securities Commission
(604) 899-6685

Ken Parker
Director, Capital Markets
Alberta Securities Commission
(403) 297-3251

Barbara Shourounis
Director
Saskatchewan Securities Commission
(306) 787-5842

Bob Bouchard
Director, Capital Markets
Manitoba Securities Commission
(204) 945-2555

Tamara Hauerstock
Legal Counsel, Investment Funds
Capital Markets
Ontario Securities Commission
(416) 595-8915

Please let me know if you have any additional questions or concerns about the matters outlined in this letter. We ask that you distribute a copy of this letter to your members. We may also publish this letter in our respective Commission bulletins.

Yours very truly,

Rebecca Cowdery
Manager, Investment Funds
Capital Markets
(416) 593-8129

cc: CSA staff noted and MFDA working group
John Mountain (IFIC)
Larry Waite (MFDA)
Mark Gordon (MFDA)

1.1.6 NOTICE TO PUBLIC

Subject: The Toronto Stock Exchange Sets Date for the Hearing of a Penalty Appeal in the Matter of Richard Schonfeldt

Toronto Stock Exchange Regulation Services ("TSE RS") has set a hearing date for the appeal in this matter for Thursday, January 25, 2001 from 4:00 pm to 6:00 pm.

The appeal is from the decision of a Hearing Panel (the "Panel") of the Exchange's Hearing Committee made on August 18, 2000. The Panel found that Mr. Schonfeldt violated section 11.26(1) of the Exchange's General By-Law and imposed a penalty of a fine of \$15,000.

The appeal will be heard by a panel of the Board of Directors of the Exchange at the offices of the Toronto Stock Exchange Inc., 130 King Street West, Toronto, Ontario M5X 1J2. The appeal is open to the public.

Reference: Tom Atkinson, Vice President
Toronto Stock Exchange Regulation Services
(416) 947-4310

1.1.7 Notice of Minister of Finance Approval of Final Rule under the Securities Act - National Instrument 44-101 Short Form Prospectus Distributions

**NOTICE OF MINISTER OF FINANCE APPROVAL OF FINAL NATIONAL INSTRUMENT 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS
FORM 44-101F1 AIF
FORM 44-101F2 MD&A
FORM 44-101F3 SHORT FORM PROSPECTUS**

On December 6, 2000, the Minister of Finance approved Rule 44-101 Short Form Prospectus Distributions (the "National Instrument"), Form 44-101F1 AIF (the "AIF Form"), Form 44-101F2 MD&A (the "MD&A Form"), Form 44-101F3 Short Form Prospectus (the "Prospectus Form"), (the AIF Form, the MD&A Form and the Prospectus Form, collectively, the "Forms"). Previously, materials related to the National Instrument, the Forms and Companion Policy 44-101CP (the "Companion Policy") were published in the Bulletin in February 1998, July 1999, December 1999 and on October 13, 2000. **The National Instrument, the Companion Policy and the Forms will come into effect on December 31, 2000.**

The Commission is publishing in a Special Supplement to this issue of the OSC Bulletin, the final National Instrument, Companion Policy and Forms. The National Instrument and Companion Policy and the forms will also be published in the Ontario Gazette on January 13th, 2001.

1.1.8 Notice of Minister of Finance Approval of Final Rule under the Securities Act and Amendment to Regulation 1015 made under the Securities Act - National Instrument 44-102 Shelf Distributions

NOTICE OF MINISTER OF FINANCE APPROVAL OF FINAL NATIONAL INSTRUMENT 44-102 SHELF DISTRIBUTIONS

AND

NOTICE OF AMENDMENT TO REGULATION 1015 OF THE REVISED REGULATIONS OF ONTARIO, 1990 MADE UNDER THE SECURITIES ACT IN CONNECTION WITH NATIONAL INSTRUMENT 44-102

On December 6, 2000, the Minister of Finance approved National Instrument 44-102 Shelf Distributions (the "National Instrument"). Previously, materials related to the National Instrument and Companion Policy 44-102CP (the "Companion Policy") were published in the Bulletin on October 2, 1998 and October 13, 2000. **The National Instrument and Companion Policy will come into effect on December 31, 2000.**

The Commission is publishing in a Special Supplement to this issue of the OSC Bulletin, the final National Instrument and Companion Policy. The National Instrument and Companion Policy will be published in the Ontario Gazette on January 13th, 2001.

The Minister of Finance has also approved a regulation to amend certain sections of Regulation 1015 of the Revised Regulations of Ontario, 1990 made under the Securities Act (the "Regulation") in connection with the National Instrument. The amendments to the Regulations will come into force at the time that the National Instrument comes into force and will be published in the Ontario Gazette on January 6th, 2001. The Regulation is published in chapter 9 of this OSC Bulletin.

1.1.9 Notice of Minister of Finance Approval of Final Rule under the Securities Act and Amendment to Regulation 1015 made under the Securities Act - National Instrument 44-103 Post-Receipt Pricing

NOTICE OF MINISTER OF FINANCE APPROVAL OF FINAL NATIONAL INSTRUMENT 44-103 POST-RECEIPT PRICING

AND

NOTICE OF AMENDMENT TO REGULATION 1015 OF THE REVISED REGULATIONS OF ONTARIO, 1990 MADE UNDER THE SECURITIES ACT IN CONNECTION WITH NATIONAL INSTRUMENT 44-103

On December 6, 2000, the Minister of Finance approved National Instrument 44-103 Post-Receipt Pricing (the "National Instrument"). Previously, materials related to the National Instrument and Companion Policy 44-103CP (the "Companion Policy") were published in the Bulletin on October 2, 1998 and October 13, 2000. **The National Instrument and Companion Policy will come into effect on December 31, 2000.**

The Commission is publishing in a Special Supplement to this issue of the OSC Bulletin, the final National Instrument and Companion Policy. The National Instrument and Companion Policy will also be published in the Ontario Gazette on January 13rd, 2001.

The Minister of Finance has also approved a regulation to amend and revoke certain sections of Regulation 1015 of the Revised Regulations of Ontario, 1990 made under the Securities Act (the "Regulation") in connection with the National Instrument. The amendments and revocations to the Regulations will come into force at the time that the National Instrument comes into force and will be published in the Ontario Gazette on January 13rd, 2001.

The Regulation is published in Chapter 9 of this Bulletin.

1.1.10 Amendment to Corporate Finance Accountants Practice Manual

NOTICE OF AMENDMENT TO CORPORATE FINANCE ACCOUNTANTS PRACTICE MANUAL

On December 15, 2000, the Commission published in the Bulletin a Notice stating that the Minister of Finance has approved Rule 41-501 General Prospectus Requirements, Form 41-501F1 Information Required In a Prospectus, Form 41-501F2 Authorization of Indirect Collection of Personal Information, Form 41-501F3 Issuer Form of Submission to Jurisdiction and Appointment of Agent for Service of Process, and Form 41-501F4 Non-Issuer Form of Submission to Jurisdiction and Appointment of Agent for Service of Process (collectively, the "Rule").

On December 22, 2000, the Commission published in the Bulletin a Notice stating that the Minister of Finance has approved National Instrument 44-101 Short Form Prospectus Distributions, Form 44-101F1 AIF, Form 44-101F2 MD&A and Form 44-101F3 Short Form Prospectus, National Instrument 44-102 Shelf Distributions, and National Instrument 44-103 Post-Receipt Pricing (collectively, the "National Instruments").

The Rule and the National Instruments will come into force on December 31, 2000.

The Rule and the National Instruments consolidate various policy statements set out in, among other places, the Corporate Finance Accountants Practice Manual (the "Accountants Manual") concerning the preparation, certification, filing and receipting of prospectuses and short form prospectuses. Accordingly, Commission staff is of the view that the following chapters of the Accountants Manual will no longer be applicable after December 31, 2000:

1-10 inclusive, 13, 17, 18, 19, 20, 21, 24, 51, 52, 53 and 79

Staff of the Commission, together with staff of other members of the CSA, will continue to review the remaining chapters of the Accountant's Manual to determine their future applicability.

For further information contact:

Julie Bertoia
Senior Accountant
Corporate Finance
(416) 593-8083

1.3 News Releases

1.3.1 OSC View on Companies in Default

December 21, 2000

OSC LOOKS AT HOW COMPANIES ARE IN DEFAULT

Toronto - The OSC has issued for comment a policy on how it determines that a reporting issuer is in default. The policy specifies that even if financial statements have been filed by an issuer within the prescribed time period, the issuer will be considered to be in default if significant deficiencies are identified within those financial statements. Under certain circumstances, this action will be taken before a Commission hearing has been held on the matter.

"Staff of the Commission will take this step only after the reporting issuer has been notified, in writing, of staff's concerns with regard to the financial statements," said John Hughes, Manager of the Continuous Disclosure Team at the OSC. "As well, companies will be given an opportunity to fully discuss its views and to remedy the deficiencies."

To be placed in default carries numerous potential consequences for a reporting issuer including the possibility of a cease trade order and the inability to file a short form prospectus.

More generally, the Policy informs the public of the guidelines followed and factors considered by the Commission in determining if a reporting issuer is in default, and provides information as to the procedure for obtaining a certificate of no default.

Titled *Reporting Issuer Defaults*, the policy will support the Continuous Disclosure Team's comprehensive review of selected accounting and disclosure practices.

Reference: John Hughes
Manager, Continuous Disclosure
(416) 593-3695

Rowena McDougall
Senior Communications Officer
(416) 593-8117

1.3.2 OSC Hearing on C.I Fund Management's Take-over Bid

FOR IMMEDIATE RELEASE
December 18, 2000

OSC TO HOLD HEARING ON C.I. FUND MANAGEMENT'S TAKE-OVER BID FOR MACKENZIE FINANCIAL CORPORATION

TORONTO - The Ontario Securities Commission will hold a hearing to consider an application by C.I. Fund Management Inc. to cease-trade Mackenzie Financial Corporation's shareholder rights plan and to abridge the 60 day notice period that otherwise applies to a change in control of a mutual fund manager.

The hearing will be held in the large hearing room at the OSC (20 Queen Street West, Toronto, 17th floor), on December 20, 2000 at 2.30 p.m.

C.I. Fund's application and Mackenzie's response will be available to the public on December 19, 2000 from OSC mail room, 20 Queen Street West, 19th Floor.

Reference: Rowena McDougall
Senior Communications Officer
(416) 593-8117

1.3.3 Mackenzie Financial Corporation

FOR IMMEDIATE RELEASE
December 20, 2000

MACKENZIE FINANCIAL CORPORATION HEARING CANCELLED

Toronto - C.I. Fund Management Inc. advised the Ontario Securities Commission late on December 19 that it was withdrawing its application, originally scheduled for a hearing before the Commission at 2:30pm on December 20. C.I. had applied to the Commission for, among other things, an order cease trading a so-called "poison pill" implemented by Mackenzie Financial Corporation in response to a takeover bid by C.I. for shares of Mackenzie.

As a result of C.I.'s decision to withdraw its application, the Commission has cancelled the hearing.

Reference: Rowena McDougall
Senior Communications Officer
(416) 593-8117

1.3.4 Global Privacy Management Trust

FOR IMMEDIATE RELEASE
December 20, 2000

GLOBAL PRIVACY MANAGEMENT TRUST and ROBERT CRANSTON

Toronto - On December 8, 2000 the Ontario Securities Commission (the "Commission") issued a Temporary Cease Trade Order ("Temporary Order") against Global Privacy Management Trust and Robert Cranston for a period of fifteen days.

The hearing scheduled for December 20, 2000 on this matter has been adjourned and on the consent of the Respondents and Staff of the Commission, the Temporary Order has been extended until such time as a hearing in this matter is completed.

References:

Rowena McDougall
Senior Communications Officer
(416) 593-8117

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

1.3.5 First Federal Capital (Canada) and Monte Morris Friesner

FOR IMMEDIATE RELEASE
December 20, 2000

**FIRST FEDERAL CAPITAL (CANADA) CORPORATION
and MONTE MORRIS FRIESNER**

Toronto - On December 11, 2000 the Ontario Securities Commission issued a Temporary Cease Trade Order ("Temporary Order") against First Federal Capital (Canada) Corporation and Monte Morris Friesner for a period of fifteen days.

The hearing scheduled for December 20, 2000 on this matter has been adjourned and on the consent of the Respondents and Staff of the Commission, the Temporary Order has been extended until such time as a hearing in this matter is completed.

References: Rowena McDougall
Senior Communications Officer
(416) 593-8117

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

1.3.6 Offshore Marketing Alliance and Warren English

FOR IMMEDIATE RELEASE
December 20, 2000

**OFFSHORE MARKETING ALLIANCE and
WARREN ENGLISH**

Toronto - On December 11, 2000 the Ontario Securities Commission issued a Temporary Cease Trade Order ("Temporary Order") against Offshore Marketing Alliance and Warren English for a period of fifteen days.

The hearing scheduled for December 20, 2000 on this matter has been adjourned and on the consent of the Respondents and Staff of the Commission, the Temporary Order has been extended until such time as a hearing in this matter is completed.

References: Rowena McDougall
Senior Communications Officer
(416) 593-8117

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

1.3.7 Terry Dodsley

FOR IMMEDIATE RELEASE
December 20, 2000

TERRY DODSLEY

Toronto - On December 11, 2000 the Ontario Securities Commission issued a Temporary Cease Trade Order ("Temporary Order") against Terry Dodsley for a period of fifteen days.

The hearing scheduled for December 20, 2000 on this matter has been adjourned and on the consent of the Respondent and Staff of the Commission, the Temporary Order has been extended until such time as a hearing in this matter is completed.

References: Rowena McDougall
Senior Communications Officer
(416) 593-8117

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

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Williams PLC - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from prospectus and registration requirements for spin off of a business of a publicly traded UK company to investors by issuing shares of spun off entity as dividends - reorganization technically not covered by prescribed reorganization exemptions - 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), 35(1)15, 53, 72(1)(f)(ii), 72(1)(i), 74(1).

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

AND

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

AND

**IN THE MATTER OF
WILLIAMS PLC**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker", and collectively, the "Decision Makers") in each of Alberta, British Columbia, Newfoundland, Nova Scotia, Ontario and Quebec, (the "Jurisdictions") has received an application (the "Application") from Williams plc ("Williams" or the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and the requirements to file a preliminary prospectus and a prospectus and receive receipts therefor (the "Prospectus Requirements" and, collectively, the "Registration and Prospectus Requirements") shall not apply to certain trades made in connection with the proposed reorganization and demerger of the Filer;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the

"System"), Ontario is the principal jurisdiction for this application;

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

1. The Filer is a public company incorporated in England and Wales with registered number 585729.
2. The Filer is in the fire and security products and services businesses.
3. The Filer's ordinary shares are listed on the London Stock Exchange plc (the "LSE"). The Filer is not and has no present intention of becoming a reporting issuer in Canada under the Legislation of any of the Jurisdictions.
4. The authorized share capital of the Filer is £320,467,396 divided into 1,019,817,775 ordinary shares (the "Filer Shares") of which 131,300,583 are issued, 289,024,214 convertible preference shares (the "Convertible Preference Shares") of which 243,253,741 are issued, deferred special shares of varying nominal amounts of an aggregate nominal value of £125,694.08 and 3,000,000 10 3/4 per cent cumulative preference restricted voting shares of £1 each (the "First Preference Shares") of which 2,199,390 are issued. As at September 6, 2000, there were approximately 3 registered holders with addresses in Alberta holding 1,053 Filer Shares and 692 Convertible Preference Shares, 8 registered holders with addresses in British Columbia holding 4,849 Filer Shares and 5,177 Convertible Preference Shares, 1 registered holder with an address in Newfoundland holding 45 Filer Shares, 2 registered holders with addresses in Nova Scotia holding 345 Filer Shares, 27 registered holders with addresses in Ontario holding 35,109 Filer Shares, 1,895 Convertible Preference Shares and 124 First Preference Shares and 4 registered holders with addresses in Quebec holding 204 Filer Shares and 13,614 Convertible Preference Shares. There are less than 10% of the Filer Shares, Convertible Preference Shares and First Preference Shares held by residents of Canada and less than 10% of the holders of Filer Shares, Convertible Preference Shares and First Preference Shares are residents of Canada. There is no market in Canada for the securities of the Filer and none is expected to develop.
5. Chubb plc ("Chubb") is a public company incorporated in England and Wales with registered number 4034666.
6. The Chubb ordinary shares ("Chubb Shares") will be listed on the LSE. Chubb is not expected to be and has no present intention of becoming a reporting issuer in Canada under the Legislation of any of the

- Jurisdictions. There is no market in Canada for the Chubb Shares and none is expected to develop.
7. Kidde plc ("Kidde") is a public company incorporated in England and Wales with registered number 4039127.
 8. The Kidde ordinary shares ("Kidde Shares") will be listed on the LSE. Kidde is not expected to be and has no present intention of becoming a reporting issuer in Canada under the Legislation of any of the Jurisdictions. There is no market in Canada for the Kidde Shares and none is expected to develop.
 9. The proposed reorganization will consist of (i) the cancellation and repayment of the First Preference Shares and the cancellation of the Deferred Special Shares, as defined below; (ii) the conversion of the Convertible Preference Shares to Filer Shares; and (iii) the introduction of Chubb as the ultimate holding company of Williams (collectively, the "Reorganization").
 10. The proposed demerger will consist of the separation of the security systems and services businesses from the fire and safety products business of Williams (the "Demerger").
 11. Certain elements of the Reorganization will be effected by means of a scheme of arrangement (the "Scheme") under section 425 of the United Kingdom Companies Act 1985, as amended (the "Applicable U.K. Law") and the Reorganization will also be effected in compliance with the Applicable U.K. Law.
 12. Prior to the implementation of the Scheme, Williams will take certain steps to simplify its capital structure. Subject to the approval of the High Court of Justice in England and Wales (the "Court"), Williams will cancel and repay the First Preference Shares in accordance with their entitlement under the Williams articles of association (the "Articles") on a distribution of capital, for which Williams obtained Filer shareholder ("Filer Shareholder") approval at an extraordinary general meeting of Williams held on October 16, 2000 (the "Meeting").
 13. Certain Convertible Preference Shares have been previously converted into Filer Shares, resulting in holders receiving certain special shares of the Filer (the "Deferred Special Shares"), which shares will be eliminated before the Reorganization and Demerger are implemented.
 14. Under the terms of the Scheme, the Convertible Preference Shares will be converted into Filer Shares at an enhanced rate of 0.38095 Filer Shares for each Convertible Preference Share. Holders of Convertible Preference Shares may receive under Part 1 of the Scheme certain deferred shares ("Deferred Shares") which will be cancelled under Part 2 of the Scheme. Holders of Convertible Preference Shares with holdings of two or less Convertible Preference Shares will not be entitled to Filer Shares.
 15. Under Part 2 of the Scheme, Filer Shareholders will be entitled to scheme shares, expected to be all the issued Filer Shares, including the Filer Shares issued on conversion of the Convertible Preference Shares ("Scheme Shares"), which will then be cancelled in exchange for Chubb Shares, such that Filer Shareholders will ultimately receive Chubb Shares for their Filer Shares on the following basis:

For each Filer Share 1 Chubb Share

As a result, Chubb will become the ultimate holding company of Williams and its subsidiaries.
 16. It is theoretically possible that, after the conversion of the Convertible Preference Shares, Part 2 of the Scheme or the Demerger will not proceed. In that event, the former holders of the Convertible Preference Shares would continue as holders of Filer Shares and Deferred Shares or Chubb Shares, as the case may be.
 17. The implementation of the Scheme is conditional upon, among other things, the following:
 - a) the approval of the Scheme by the requisite majorities of the holders of the Convertible Preference Shares and the Filer Shares, which approvals were obtained at the Meeting;
 - b) the sanction of the Scheme, and the confirmation of the Scheme reductions of capital which comprise part of the Scheme, by the Court; and
 - c) the grant by the United Kingdom listing authority of permission for the whole of the issued ordinary share capital of Chubb to be admitted to the official list, subject only to certain limited conditions.
 18. The Scheme is not conditional on the Demerger proceeding but the Demerger will not proceed unless the Scheme first occurs. If the Demerger proceeds, Kidde will issue Kidde Shares to Chubb shareholders on the following basis:

For each Chubb Share 1 Kidde Share

If the Demerger proceeds as contemplated, former Filer Shareholders will thus come to hold 1 Chubb Share for every Scheme Share held at the applicable Scheme record time and 1 Kidde Share for every Chubb Share held at the Demerger record time.
 19. The Demerger will be effected in compliance with the Applicable U.K. Law and is expected to occur on or about November 13, 2000. After the Reorganization, Scheme and Demerger, Filer Shareholders will hold Chubb Shares and Kidde Shares in the same proportions, respectively, as they held Filer Shares prior to the Reorganization, Scheme and Demerger.
 20. The implementation of the Demerger is conditional upon, among other things, the following:

- a. the Scheme becoming effective and being fully implemented;
 - b. approvals by the necessary shareholder votes at the Meeting, which approvals were obtained;
 - c. the board of Chubb resolving that the Demerger is in the best interests of Chubb;
 - d. the confirmation of the Chubb reduction of capital by the Court; and
 - e. the grant by the United Kingdom listing authority of permission for the whole of the issued ordinary share capital of Kidde to be admitted to the official list, subject only to certain limited conditions.
21. The steps under the Reorganization, Scheme and Demerger with respect to the First Preference Shares, Convertible Preference Shares, Scheme Shares, Deferred Shares, Deferred Special Shares, Filer Shares, Chubb Shares and Kidde Shares involve a number of trades and/or distributions of securities (the "Trades"). Certain of the Trades subject to the Legislation have the benefit of registration and prospectus exemptions thereunder. The remaining Trades do not fall within registration or prospectus exemptions under the Legislation, either because such Trades do not meet the technical requirements of a particular exemption or because of the mechanics of the various possible Trades.
22. Filer Shareholders in the Jurisdictions received the same disclosure materials for the Meeting relating to the Reorganization and Demerger (the "Meeting Documentation") as Filer Shareholders resident in the U.K.
23. The Meeting Documentation was mailed to Filer Shareholders on September 20, 2000 in connection with the Meeting.
24. Following the Scheme and the Demerger, shareholders of the Filer, Chubb and Kidde with addresses in Canada will receive the same disclosure materials that are sent to shareholders of the Filer, Chubb and Kidde, respectively, that are resident in the U.K.
25. Following the Reorganization and the Scheme, holders of Filer Shares in Canada will hold less than 10% of the Filer Shares and will represent less than 10% of the holders of Filer Shares.
26. Following the Scheme and the Demerger, holders of Chubb Shares and Kidde Shares in Canada will hold less than 10% of the Chubb Shares and Kidde Shares, respectively, and will represent less than 10% of the holders of Chubb Shares and Kidde Shares, respectively.

AND WHEREAS pursuant to the System this MFRRS 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 which 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 to the extent that there is no exemption available from the Registration and Prospectus Requirements in respect of any of the Trades, the Registration and Prospectus Requirements shall not apply to the Trades provided that the first trade in the Filer Shares, Chubb Shares and Kidde Shares acquired pursuant to the Reorganization, Scheme or Demerger in a Jurisdiction shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction unless such first trade is executed on an exchange outside of Canada.

November 9th, 2000.

"Robert W. Davis"

"Morley P. Carscallen"

**2.1.2 Webhelp Inc. and Webhelp Canada Inc. -
MRRS Decision**

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuers are each a "related issuer" in respect of the Filer - Filer exempt from the requirement in the Legislation that an independent underwriter underwrite a portion of the distribution equal to the largest portion being underwritten by a non-independent underwriter.

Applicable Ontario Regulations

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

Applicable Ontario Rules

Proposed Multi-Jurisdictional Instrument 33-105 Underwriting Conflicts (1998), 21 OSCB 781.S

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

AND

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

AND

**IN THE MATTER OF
CIBC WORLD MARKETS INC.,**

AND

WEBHELP INC. AND WEBHELP CANADA INC.

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Ontario, Quebec and Newfoundland (the "Jurisdictions") has received an application from CIBC World Markets Inc. (the "Filer") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from acting as an underwriter in connection with a distribution of securities of an issuer made by means of prospectus, where the issuer is a related issuer (or the equivalent) of the registrant unless a portion of the distribution at least equal to that portion underwritten by non-independent underwriters is underwritten by an independent underwriter, shall not apply to the Filer in respect of a proposed distribution (the "Offering") of common shares (the "Common Shares") of Webhelp Inc. ("Webhelp") and exchangeable shares (the "Exchangeable Shares") of Webhelp Canada Inc. ("Webhelp Canada"), pursuant to a prospectus (the "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. Webhelp was incorporated under the laws of the State of Delaware on May 27, 1999, under the name Blue Sky Ventures, Inc. On December 2, 1999, the name of Webhelp was changed to Webhelp.com Inc. On October 20, 2000, the name of Webhelp was changed to Webhelp Inc. Webhelp is currently not a reporting issuer under the Act.
2. Webhelp Canada was incorporated under the laws of the Province of Ontario on November 19, 1999. Webhelp Canada is a wholly owned subsidiary of Webhelp and is currently not a reporting issuer under the Act.
3. The head office of the Filer is located in Toronto, Ontario.
4. On March 22, 2000, Webhelp filed a registration statement on Form F-1 (the "Registration Statement") with the United States Securities and Exchange Commission, and on March 28, 2000, Webhelp filed a preliminary prospectus qualifying the Common Shares with the securities regulatory authority in each of the provinces of Canada. The preliminary prospectus was withdrawn on June 17, 2000. The Registration Statement was amended on August 31, 2000. An updated preliminary prospectus qualifying the Common Shares was filed with the securities regulatory authority in each of the provinces of Canada on September 22, 2000. At the time of the initial filings, Webhelp had contemplated an initial public offering of common shares in Canada and the United States. It is now contemplated that there will be an offering in Canada of both Common Shares by Webhelp and Exchangeable Shares by Webhelp Canada (collectively, the "Offered Shares"). The Common Shares may also be offered in the United States on a private placement basis.
5. Webhelp and Webhelp Canada filed a preliminary prospectus ("the Preliminary Prospectus") qualifying the distribution of the Offered Shares with the securities regulatory authority in each of the provinces of Canada on October 24, 2000, and will file the Prospectus as soon as possible thereafter.
6. There is currently no public market for the Offered Shares. An application has been made to list the Offered Shares for trading on the Toronto Stock Exchange.
7. The Filer along with RBC Dominion Securities Inc. ("RBC DS") and Yorkton Securities Inc. ("Yorkton") (collectively, the "Underwriters") are proposing to act as underwriters in connection with the offering.

8. The approximate proportionate share of the Offering underwritten by each of the Underwriters is expected to be as follows:

<u>Underwriter Name</u>	<u>Proportionate Share of the Offering</u>
The Filer	50%
RBC DS	35%
Yorkton	15%

9. An affiliate of the Filer (the "Affiliate"), CIBC World Markets Corp., acquired an aggregate of 3,671,329 shares of Webhelp Series B preferred stock in December 1999, at a purchase price of \$8.17 per share, for an aggregate purchase price of approximately \$30,000,000. On October 24, 2000, the Affiliate acquired an additional 611,888 shares of Series B preferred stock. The Series B preferred stock is voting and there are 4,283,217 shares issued and outstanding, of which the Affiliate owns 100%. Each share of Series B preferred stock is convertible into 1.241 shares of Common Stock and the shares of Series B preferred stock held by the Affiliate will automatically be converted into an aggregate of 5,316,642 shares of Common Stock upon completion of the Offering.

10. On October 24, 2000, the Affiliate was issued a warrant to purchase shares of Common Stock. The warrant entitles the Affiliate to purchase Common Stock at the initial public offering price for a period of five years after completion of the Offering. The Affiliate will be entitled to purchase additional shares of Common Stock only to the extent that the value of Webhelp before giving effect to the Offering is below \$155.5 million.

11. Accordingly, Webhelp and Webhelp Canada may each be considered to be a "related issuer" of the Filer within the meaning of the Legislation.

12. Neither Webhelp nor Webhelp Canada is a "related issuer" nor a "connected issuer", as each term is defined in the Legislation in respect of RBC DS and Yorkton. RBC DS and Yorkton (the "Independent Underwriters") are both independent underwriters as defined in draft Multi-Jurisdictional Instrument 33-105 *Underwriting Conflicts* (the "Proposed Instrument").

13. Because Webhelp and Webhelp Canada may be considered related issuers of the Filer, the underwriting syndicate may not comply with the proportional requirements of the Legislation.

14. The nature and details of the relationship between Webhelp, Webhelp Canada, the Filer, the Affiliate and the Independent Underwriters will be described in each of the Preliminary Prospectus and the Prospectus, and the Prospectus will contain the information required by Appendix C to the Proposed Instrument.

15. The decision to issue the Offered Securities, including the determination of the terms of the distribution, were made through negotiations among Webhelp, Webhelp Canada and the Underwriters without the involvement of the Affiliate.

16. The Filer is registered under the Act in the categories of "broker" and "investment dealer".

17. The Filer will not benefit in any manner from the Offering other than the payment of its fees in connection therewith.

18. RBC DS will underwrite at least 20 percent of the dollar value of the Offering and the Independent Underwriters will participate in the due diligence relating to the Offering and in the structuring and pricing of the Offering. The Prospectus will identify the Independent Underwriters and will disclose the role of the Independent Underwriters in the structuring and pricing of the Offering and in the due diligence activities performed by the Underwriters.

19. The certificate in each of the Preliminary Prospectus and the Prospectus will be signed by the Underwriters, including each of the Independent Underwriters.

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

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

THE DECISION of the Decision Makers, under the Legislation, is that the Independent Underwriter Requirement shall not apply to the Filer in connection with the Offering provided:

- (i) RBC DS and Yorkton participate in the offering as stated in paragraph 18 above;
- (ii) the Prospectus contains the disclosure stated in paragraph 18 above; and
- (iii) the relationship between the Webhelp, Webhelp Canada and the Filer is disclosed in the P

December 13th, 2000.

"J.A. Geller"

"Robert W. Davis"

2.1.3 Glaxo Wellcome PLC, SmithKline Beecham PLC and GlaxoSmithKline PLC - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from prospectus and registration requirements in connection with two public U.K. companies - de minimus presence in Canada - no policy issues.

Applicable Ontario Statutory Provisions

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

Regulations Cited

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

BRITISH COLUMBIA, ALBERTA, MANITOBA, ONTARIO AND NOVA SCOTIA

AND

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

AND

IN THE MATTER OF GLAXO WELLCOME PLC, SMITHKLINE BEECHAM PLC AND GLAXOSMITHKLINE PLC

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker"), in each of British Columbia, Alberta, Manitoba, Ontario and Nova Scotia (collectively, the "Jurisdictions") has received an application from Glaxo Wellcome plc ("Glaxo Wellcome"), SmithKline Beecham plc ("SmithKline Beecham") and GlaxoSmithKline plc ("GlaxoSmithKline") (collectively, the "Filer") for a decision pursuant to the securities legislation, regulations, rules and/or policies of the Jurisdictions (the "Legislation") that certain trades and/or distributions of securities in connection with the proposed merger (the "Merger") of Glaxo Wellcome and SmithKline Beecham, to be effected by way of a scheme of arrangement (the "Scheme") under section 425 of the *Companies Act* 1985 of the U.K., shall be exempt from the requirements contained in the Legislation to be registered to trade in a security and to file a preliminary prospectus and a prospectus and receive receipts therefor prior to distributing a security (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 the Filer has represented to the Decision Makers that:

1. Glaxo Wellcome is a public limited company incorporated under the laws of England and Wales the ordinary shares of which are listed on the London Stock Exchange ("LSE") and Paris stock exchange and the American depositary shares ("ADRs") of which are listed on the New York Stock Exchange ("NYSE").
2. Glaxo Wellcome is currently subject to the reporting requirements of the LSE and the NYSE and is not a "reporting issuer", or the equivalent, under the securities legislation of any province or territory of Canada.
3. The authorised share capital of Glaxo Wellcome as of July 5, 2000 was £1,107,750,000 divided into 4,431,000,000 ordinary shares of 25 pence each (the "Glaxo Wellcome Shares"), of which, as at June 21, 2000, 3,646,751,891 ordinary shares had been issued and were fully paid or credited as fully paid. The remaining ordinary shares were unissued.
4. SmithKline Beecham is a public limited company incorporated under the laws of England and Wales the ordinary shares of which are listed on the LSE and the ADRs of which are listed on the NYSE.
5. SmithKline Beecham is currently subject to the reporting requirements of the LSE and the NYSE and is not a "reporting issuer", or the equivalent, under the securities legislation of any province or territory of Canada.
6. The authorised share capital of SmithKline Beecham as of July 5, 2000 was £500,000,000 divided into 8,000,000,000 ordinary shares of 6.25 pence each (the "SmithKline Beecham Shares"), of which, as at June 21, 2000, 5,628,944,757 ordinary shares had been issued and were fully paid or credited as fully paid. The remaining ordinary shares were unissued.
7. GlaxoSmithKline is incorporated under the laws of England and Wales as a public limited company. At June 21, 2000, the authorised share capital of GlaxoSmithKline was £2,500,000,000 divided into 9,999,800,000 ordinary shares of 25 pence each ("GlaxoSmithKline Shares"), of which 8 GlaxoSmithKline Shares were issued and fully paid and the remaining GlaxoSmithKline Shares were unissued, and 50,000 redeemable preference shares of £1 each, all of which were issued and fully paid.
8. Applications have been made to the UK Listing Authority to admit the GlaxoSmithKline Shares to the Official List of the LSE, and to the LSE for the GlaxoSmithKline Shares to be admitted to trading on the LSE's market for listed securities. It is not intended that the GlaxoSmithKline Shares be listed on any other stock exchange. GlaxoSmithKline ADRs will be listed on the NYSE. It is not intended that GlaxoSmithKline become a reporting issuer, or the equivalent, in the Jurisdictions. There is no market for the GlaxoSmithKline Shares or ADRs in the Jurisdictions.
9. The Merger is to be effected by way of a scheme of arrangement under section 425 of the *Companies Act*

- 1985 of England and Wales. Under the Scheme, Glaxo Wellcome and SmithKline Beecham will become wholly owned subsidiaries of GlaxoSmithKline. The Merger is subject to a number of conditions including the approval of the Scheme by the High Court of Justice of England and Wales ("Court") and regulatory clearance in the United States. Subject to the satisfaction (or waiver) of these conditions, the Merger is expected to become effective on or about December 31, 2000 (the "Effective Date"). The shareholders of Glaxo Wellcome and SmithKline Beecham approved the Scheme and resolutions relating to the merger at shareholders' meetings held on July 31, 2000.
10. Under the Scheme as currently proposed, each Glaxo Wellcome Share and SmithKline Beecham Share in issue at 6:00 p.m. (London time) on the business day immediately following the day on which the Scheme is sanctioned by the Court (the "Scheme Record Time") will be cancelled and the share capitals of Glaxo Wellcome and SmithKline Beecham will be reduced accordingly. The share capitals of Glaxo Wellcome and SmithKline Beecham will then be increased to their former amount by creating the same number of new Glaxo Wellcome Shares and new SmithKline Beecham Shares as were cancelled. These new shares will be allotted and issued, by capitalisation of the reserves arising from such cancellations, to GlaxoSmithKline.
 11. Pursuant to the Scheme, GlaxoSmithKline will issue to the former holders of the Glaxo Wellcome ordinary shares and SmithKline Beecham ordinary shares, GlaxoSmithKline Shares on the basis of 1 GlaxoSmithKline Share for each Glaxo Wellcome Share held at the Scheme Record Time and 0.4552 GlaxoSmithKline Shares for each SmithKline Beecham Share held at the Scheme Record Time. Fractions of GlaxoSmithKline Shares and ADRs will not be issued; all fractions to which former shareholders and ADR holders of SmithKline Beecham would have been entitled will be aggregated and sold in the market, with the net proceeds being distributed to those shareholders and ADR holders in proportion to their entitlement.
 12. In regards to holders of Glaxo Wellcome ADRs, upon the Scheme becoming effective (i) the Glaxo Wellcome Shares underlying each Glaxo Wellcome ADR will be cancelled and an equal number of GlaxoSmithKline Shares will be issued to the Depository; (ii) the Glaxo Wellcome ADR facility will become a GlaxoSmithKline ADR facility; and (iii) holders of Glaxo Wellcome ADRs will thereafter be deemed to hold one GlaxoSmithKline ADR for each Glaxo Wellcome ADR held by them.
 13. In regards to holders of SmithKline Beecham ADRs, upon the Scheme becoming effective (i) the SmithKline Beecham Shares underlying each SmithKline Beecham ADR will be cancelled and GlaxoSmithKline Shares will be issued to the Depository based on the exchange ratio of 0.4552 GlaxoSmithKline Shares for each SmithKline Beecham Share; (ii) the SmithKline Beecham ADR facility will become a GlaxoSmithKline ADR facility; and (iii) each holder of SmithKline Beecham ADRs will be required to exchange their SmithKline Beecham ADRs for GlaxoSmithKline ADRs based on the exchange ratio of 1.138 GlaxoSmithKline ADRs for each SmithKline Beecham ADR.
 14. A circular containing, among other things, the terms of the Merger, the details of the shareholder meetings and listing particulars for the GlaxoSmithKline Shares, has been mailed to all shareholders of Glaxo Wellcome and SmithKline Beecham.
 15. Certain Canadian employees of Glaxo Wellcome and its subsidiaries participate in a series of share option schemes (collectively, the "Glaxo Wellcome Employee Option Schemes") that is intended to permit those employees to obtain an interest in Glaxo Wellcome through the purchase of Glaxo Wellcome Shares. Certain former employees continue to hold options ("Glaxo Wellcome Options") acquired through the Glaxo Wellcome Employee Option Schemes.
 16. As at June 21, 2000, options granted for nil consideration to acquire Glaxo Wellcome Shares under the Glaxo Wellcome Employee Option Schemes were exercisable at prices from 270.1349 pence to 1,901 pence per Glaxo Wellcome Share up to April 3, 2010.
 17. In conjunction with the Merger, but not pursuant to the Scheme, holders of Glaxo Wellcome Options will be entitled to exercise their options, on the Effective Date, and receive GlaxoSmithKline Shares.
 18. Holders of Glaxo Wellcome Options acquired under certain Glaxo Wellcome Employee Option Schemes will also be entitled to retain their options until the lapse date, which will be six months after the Effective Date, and exercise those options for GlaxoSmithKline Shares.
 19. Alternatively, if GlaxoSmithKline receives certain regulatory and taxation approvals, these Glaxo Wellcome Options may be exchanged for GlaxoSmithKline Options. The GlaxoSmithKline Options received in exchange for Glaxo Wellcome Options will entitle the holder to acquire the same number of shares at the same exercise price as the Glaxo Wellcome Options for which they were exchanged. Certain employees who opt to exchange their options may also be eligible to receive a cash payment equal to ten percent of the option price of their options when exercised.
 20. The applications that have been made to the UK Listing Authority and the LSE to list the GlaxoSmithKline Shares applies to the new GlaxoSmithKline Shares to be issued on the exercise of the Glaxo Wellcome Options. These new GlaxoSmithKline Shares will rank equally with existing GlaxoSmithKline Shares except for rights determined by reference to a record date preceding the date of allotment of such new GlaxoSmithKline Shares.
 21. Certain Canadian employees of SmithKline Beecham and its subsidiaries participate in a series of share option schemes (collectively, the "SmithKline Beecham Option Schemes") that is intended to permit

those employees to obtain an interest in SmithKline Beecham through the purchase of SmithKline Beecham Shares. Certain former employees continue to hold options ("**SmithKline Beecham Options**") acquired through the SmithKline Beecham Option Schemes.

22. Participants in the SmithKline Beecham Option Schemes receive options to acquire SmithKline Beecham Shares at an exercise price stated at the date of grant which generally become exercisable at the end of a 3 year period.
23. In conjunction with the Merger, but not pursuant to the Scheme, holders of SmithKline Beecham Options were entitled to exercise their options, until 12 noon on July 30, 2000 (the day immediately preceding the date of the SmithKline Beecham Court meeting), and receive SmithKline Beecham Shares. These SmithKline Beecham Shares will be automatically converted to GlaxoSmithKline Shares pursuant to the Scheme such that, on the Effective Date, option holders will receive GlaxoSmithKline Shares.
24. Options acquired under the SmithKline Beecham Option Schemes (except for the SmithKline Beecham UK Executive Share Option Plan 1989 Plan), to the extent they had not been exercised or conditionally exchanged, lapsed at 12 noon on July 30, 2000. As an alternative to exercise, holders of SmithKline Beecham Options have been invited to elect to exchange their options for GlaxoSmithKline Options, subject to receipt of certain regulatory and taxation approvals.
25. The GlaxoSmithKline Options received in exchange for SmithKline Beecham Options will entitle the holder to acquire GlaxoSmithKline Shares in the same ratio as applicable to SmithKline Beecham shareholders under the Scheme and at substantially the same aggregate exercise price as that of their SmithKline Beecham Options.
26. The applications that have been made to the UK Listing Authority and the LSE in relation to the listing of the GlaxoSmithKline Shares applies to the new GlaxoSmithKline Shares to be issued in connection with the exercise of SmithKline Beecham Options. GlaxoSmithKline Shares issued on the exercise of these options will rank equally with existing GlaxoSmithKline Shares except for rights determined by reference to a record date preceding the date of allotment of such GlaxoSmithKline shares.
27. As at June 21, 2000, holders of Glaxo Wellcome Shares and ADRs whose registered address was in the Jurisdictions represented less than 1% of the total issued and outstanding Glaxo Wellcome Shares (including Glaxo Wellcome Shares underlying the ADRs) and holders of Glaxo Wellcome Options whose registered address was in the Jurisdictions represented less than 1% of the total issued and outstanding Glaxo Wellcome Options. As at February 29, 2000 holders of SmithKline Beecham Shares and ADRs whose registered address was in the Jurisdictions represented less than 1% of the total issued and outstanding SmithKline Beecham Shares (including SmithKline

Beecham Shares underlying the ADRs) and holders of SmithKline Beecham Options whose registered address was in the Jurisdictions represented less than 1% of the total issued and outstanding SmithKline Beecham Options.

28. Following the Merger, holders of GlaxoSmithKline Shares and ADR's with an address in one or more of the Jurisdictions will receive the same disclosure materials that are sent to holders of such securities who are residents of the UK or the United States.

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

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

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

1. the distribution of GlaxoSmithKline Options by GlaxoSmithKline to former employees of Glaxo Wellcome and its affiliates and to former employees of SmithKline Beecham and its affiliates is not subject to the Registration and Prospectus Requirements; and
2. (i) first trades of GlaxoSmithKline Shares to be issued by GlaxoSmithKline under the Scheme to holders of ordinary shares of Glaxo Wellcome and to holders of ordinary shares of SmithKline Beecham;
- (ii) first trades of GlaxoSmithKline ADRs to be issued by GlaxoSmithKline under the Scheme to holders of Glaxo Wellcome ADRs and SmithKline Beecham ADRs;
- (iii) first trades of GlaxoSmithKline Shares to be issued by GlaxoSmithKline upon the exercise of Glaxo Wellcome Options, SmithKline Beecham Options and GlaxoSmithKline Options by current employees of Glaxo Wellcome and SmithKline Beecham; and
- (iv) first trades of GlaxoSmithKline Shares to be issued by GlaxoSmithKline upon the exercise of Glaxo Wellcome Options, SmithKline Beecham Options and GlaxoSmithKline Options by former employees of Glaxo Wellcome and SmithKline Beecham;

are not subject to the Registration and Prospectus Requirements contained in the Legislation, provided that such trades are executed through the facilities of a stock exchange or market outside of Canada and such trades are made in accordance with all laws and the rules applicable to such stock exchange or market.

December 14th, 2000.

"J. A. Geller"

"Robert W. Korthals"

2.1.4 Morneau D.C. Services Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - trades by pooled funds of additional units to existing unitholders holding units having an aggregate acquisition cost or net asset value of not less than the minimum amount prescribed by legislation under "private placement" exemption exempted from registration and prospectus requirement - trades by pooled funds of units to existing unitholders pursuant to automatic reinvestment of distributions by pooled funds exempted from registration and prospectus requirement - trades in units of pooled funds not subject to requirement to file reports of trade within 10 days of trades provided prescribed reports filed and fees paid within 30 days of financial year end of pooled funds.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 53, 72(3), 74(1), 147

Rules Cited

Ontario Securities Commission Rule 45-501 - *Exempt Distributions* (1998) 21 OSCB 6548
Ontario Securities Commission Rule 81-501 - *Mutual Fund Reinvestment Plans* (1998) 21 OSCB 2713

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

AND

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

AND

IN THE MATTER OF
MORNEAU D.C. SERVICES INC.

MRRS DECISION DOCUMENT

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

- (a) certain trades in units ("Units") of open-end unit trusts (the "Funds") to be established by the

Applicant are not subject to the registration and prospectus requirements of the Legislation of Manitoba, Ontario, New Brunswick, Newfoundland, Prince Edward Island and Yukon Territory (the "Prospectus Jurisdictions"); and

- (b) trades in Units are not subject to the requirements of the Legislation of the Jurisdictions other than Manitoba relating to the filing of forms and the payment of fees within 10 days of each trade;

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 MDCS to the Decision Makers that:

1. MDCS is incorporated under the laws of Ontario, has its head office in Ontario, and is registered in Ontario as mutual fund dealer, limited market dealer, investment counsel and portfolio manager;
2. Units in each of the Funds will be non-transferable except with the consent of MDCS but will be redeemable at their net asset value in accordance with the procedures to be set out in the trust agreement of the particular Fund;
3. Units of the Funds may be offered on a continuous basis to taxable and non-taxable investors, including, but not limited to, high net-worth individuals, pension plans, religious orders, charitable organizations, endowments and insurance companies;
4. Units of the Funds will be sold to purchasers resident in Ontario by MDCS or by other dealers registered in Ontario;
5. Units of the Funds will be sold to purchasers resident in Newfoundland by dealers registered in Newfoundland;
6. Units of the Funds will be sold to purchasers resident in the Jurisdictions other than Ontario and Newfoundland by MDCS;
7. the minimum initial investment (the "Initial Minimum Investment") in any of the Funds by an investor in the Jurisdictions will be not less than the minimum aggregate purchase amount prescribed by the applicable Legislation (the "Prescribed Amount") and will be made in reliance upon the prospectus exemption in each of the Jurisdictions and upon the dealer registration exemption in each of the Jurisdictions other than Ontario and Newfoundland (the "Private Placement Exemption");
8. following the Initial Minimum Investment, it is proposed that unitholders of the Funds who were sold Units in reliance upon the Private Placement Exemption be permitted to subscribe for additional units (the "Subscribed Units"), provided that at the time of such subsequent acquisition the investor holds Units of the

Fund with an aggregate acquisition cost or aggregate net asset value of at least the Prescribed Amount; and

9. each Fund proposes to distribute additional Units ("Reinvested Units") by way of automatic reinvestment of distributions to unitholders of such Fund, unless otherwise requested by a unitholder;

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:

- (a) the registration and prospectus requirements contained in the Legislation of the Prospectus Jurisdictions shall not apply to
- (i) the issuance of Subscribed Units of a Fund to a unitholder of that Fund provided that
 - (1) the initial investment in Units of that Fund was pursuant to the Private Placement Exemption,
 - (2) at the time of the issuance of such Subscribed Units, the unitholder then owns Units of that Fund having an aggregate acquisition cost or an aggregate net asset value of not less than the Prescribed Amount of the applicable Prospectus Jurisdiction,
 - (3) at the time of the issuance of such Subscribed Units, the Applicant is registered under the Legislation of Ontario as mutual fund dealer and limited market dealer and such registration is in good standing, and
 - (4) this clause (i) will cease to be in effect with respect to a Prospectus Jurisdiction 90 days after the coming into force of any legislation, regulation or rule in such Jurisdiction relating to the distribution of Subscribed Units of pooled funds; and
 - (ii) an issuance of Reinvested Units of a Fund to a unitholder of that Fund provided that
 - (1) no sales commission or other charge in respect of such issuance

of Reinvested Units is payable, and

- (2) the unitholder has received, not more than 12 months before such issuance, a statement describing (A) the details of any deferred or contingent sales charge or redemption fee that is payable at the time of the redemption of a Unit, (B) the right that the unitholder has to make an election to receive cash instead of Units on the payment of the net income or net realized capital gains distributed by the Fund, (C) instructions on how the right referred to in subsubclause (B) can be exercised, and (D) the fact that no prospectus is available for the Fund as Units are offered pursuant to prospectus exemptions only; and

- (b) the requirements contained in the Legislation of the Jurisdictions other than Manitoba to file a report of a distribution of Units under the Private Placement Exemption or of Subscribed Units within 10 days of such trade shall not apply to such trade, provided that within 30 days after each financial year end of each Fund, such Fund:

- (i) files with the applicable Decision Maker a report in respect of all trades in Units of that Fund during such financial year, in the form prescribed by the applicable Legislation, and
- (ii) remits to the applicable Decision Maker the fee prescribed by the applicable Legislation

December 1st, 2000.

"J.A. Geller"

"R.S. Paddon"

2.1.5 Industrial Alliance Life Insurance Company - MRRS Decision

Headnote

Relief for issuer conducting announced issuer bid from insider reporting requirements with respect to acquisitions of securities under issuer bid, subject to certain conditions including monthly reporting within 10 days of the end of each month in which acquisitions were made.

Statutes Cited

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

Regulations Cited

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

Policies Cited

National Instrument 55-101 - Exemption From Certain Insider Reporting Requirements (2000), 23 OSCB 4212.

IN THE MATTER OF THE SECURITIES LEGISLATION OF

ALBERTA, SASKATCHEWAN, ONTARIO AND QUÉBEC

AND

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

AND

IN THE MATTER OF INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario and Québec (collectively, the "Jurisdictions") has received an application from Industrial-Alliance Life Insurance Company ("Industrial-Alliance") for a decision pursuant to the securities legislation of the Jurisdictions (collectively, the "Legislation") seeking an exemption from the insider reporting requirements contained in the Legislation in connection with the normal course issuer bid of Industrial-Alliance (the "Bid"), on the condition that purchases made under the Bid be reported to the Decision Makers in compliance with Proposed National Instrument 55-101 - Exemption from Certain Insider Reporting Requirements;

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 Industrial-Alliance has represented to the Decision Makers that:

1. Industrial-Alliance was incorporated under *An Act respecting insurance* (Québec) and is a reporting issuer under the Legislation.
2. The head office of Industrial-Alliance is situated at 1080 Chemin Saint-Louis, Sillery, Québec.
3. The authorized share capital of Industrial-Alliance consists of an unlimited number of common shares (the "**Common Shares**"), of which 37,580,748 were issued and outstanding as of September 18, 2000. The Common Shares are listed for trading in Canada on The Toronto Stock Exchange (the "**TSE**") under the symbol IAG.
4. Industrial-Alliance has obtained the approval of the TSE to make the Bid through its facilities. The Bid is expected to commence on October 2nd, 2000 and, in accordance with the rules of the TSE, will continue until the earlier of (i) the date on which 1,875,000 Common Shares have been purchased under the Bid (being the maximum that may be purchased thereunder); (ii) the date on which Industrial-Alliance otherwise terminates the Bid; and (iii) October 1st, 2001.
5. The Bid is a normal course issuer bid as defined in the policies of the Toronto Stock Exchange and is conducted in accordance with the policies of that exchange.
6. Under the Legislation, Industrial-Alliance is considered an insider of itself in connection with its acquisition of Common Shares pursuant to the Bid and, consequently, is required under the Legislation to file an insider report within 10 days of each purchase of Common Shares under the Bid.

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 is that Industrial-Alliance be exempted from the requirement to file with the Decision Makers an insider report within 10 days from the date of every purchase of Common Shares pursuant to the Bid, provided that Industrial-Alliance files an insider report with the Decision Makers in the form prescribed by the Legislation within 10 days after the end of each month in which Common Shares have been purchased pursuant to the Bid and that such insider report disclose all required information with respect to such purchases.

DATED at Montréal, Québec this October 27th, 2000.

Guy Lemoine

Viateur Gagnon

2.1.6 Cenalta Energy Services Ltd.

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - corporation is deemed to have ceased to be a reporting issuer after all of its issued and outstanding securities were acquired 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 ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN,
ONTARIO AND QUEBEC**

AND

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

AND

IN THE MATTER OF CENALTA ENERGY SERVICES LTD.

MRRS DECISION DOCUMENT

1. **WHEREAS** the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Ontario and Quebec (the "Jurisdictions") has received an application from CenAlta Energy Services Ltd. ("CenAlta") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that CenAlta be deemed to have ceased to be a reporting issuer, or its equivalent, 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** CenAlta has represented to the Decision Makers that:
 - 3.1 CenAlta was incorporated under the provisions of the *Business Corporations Act* (Alberta);
 - 3.2 CenAlta's head office is in Calgary, Alberta;
 - 3.3 CenAlta is a reporting issuer, or the equivalent, in each of the Jurisdictions;
 - 3.4 CenAlta is not in default of any of its obligations as a reporting issuer under the Legislation;
 - 3.5 CenAlta's authorized capital consists of an unlimited number of common shares (the "Common Shares"), 26,144,044 of which are issued and outstanding;

- 3.6 pursuant to an offer to purchase and a subsequent compulsory acquisition, Precision Drilling Corporation ("Precision") became the holder of all of the issued and outstanding Common Shares of CenAlta;
- 3.7 CenAlta has no securities, including debt obligations, currently issued and outstanding other than the Common Shares;
- 3.8 the Common Shares were delisted from The Toronto Stock Exchange at the close of business on October 17, 2000 and there are no securities of CenAlta listed or traded on any market or exchange in Canada or elsewhere;
- 3.9 CenAlta does not intend to seek public financing by way of an offering of securities;

4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
6. **THE DECISION** of the Decision Makers pursuant to the Legislation is that CenAlta is deemed to have ceased to be a reporting issuer, or its equivalent, under the Legislation.

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

Patricia M Johnston
Director Legal Services & Policy Development

2.1.7 Stelco - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Directors and senior officers of subsidiaries, that are not "significant subsidiaries" of the reporting issuer (other than those specifically excluded in Decision) exempted from insider reporting requirements, subject to certain conditions.

Applicable Ontario Statutes Cited

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

Applicable Ontario Policies Cited

Ontario Securities Commission Policy Statement 10.1

Proposed National Policies Cited

Proposed National instrument 55-101 - Exemption from Certain Insider Reporting Requirements, (2000), 23 OSCB 4221.

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

AND

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

AND

**IN THE MATTER OF
STELCO INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Alberta, British Columbia, Manitoba, Newfoundland, Nova Scotia, Ontario and Quebec (the "Jurisdictions") has received an application from Stelco Inc. (the "Company") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements of the Legislation applicable to an insider of a reporting issuer (or the equivalent), that require the insider 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 directors and senior officers of subsidiaries of the Company;

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

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

1. The Company, a corporation continued under the laws of Canada, was formed by the amalgamation, effective January 1, 1999, of Stelco Inc. and Erie Steel Company Ltd.
2. The Company's head office is in Ontario.
3. The Company is a reporting issuer (or the equivalent) in each of the Jurisdictions and under the securities legislation of Saskatchewan and Prince Edward Island. The Company is not on the list of defaulting reporting issuers maintained pursuant to the Legislation of any of the Jurisdictions.
4. Series A Convertible Common Shares and Series B Convertible Common Shares of the Company are listed on The Toronto Stock Exchange.
5. None of the subsidiaries of the Company is a "significant subsidiary" of the Company as that term is defined in proposed National Instrument 55-101 *Exemptions from Certain Insider Reporting Requirements* (the "Proposed Instrument").
6. Except for directors and senior officers who are also directors or senior officers of the Company, none of the directors and senior officers of subsidiaries of the Company receives, or has access, in the ordinary course, to information as to material facts or material changes concerning the Company before the material fact or material change is generally disclosed.
7. The Company has undertaken to each Decision Maker:
 - (i) to maintain a list of directors and senior officers of subsidiaries of the Company that are exempted from the Insider Reporting Requirement by this Decision (as hereafter defined) and the basis upon which each of the directors and the 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.
8. The Company undertakes to promptly advise the Commission des valeurs mobilières du Québec (the "QSC") of the name of every person who becomes, or ceases to be, exempted from the Insider Reporting Requirement by this Decision, and to provide an updated list of directors and senior officers of subsidiaries of the Company to the QSC annually.

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 under the Legislation is that persons who are directors or senior officers of a subsidiary of the Company shall not, by virtue of being insiders of the Company, be subject to the Insider Reporting Requirement in the Legislation provided that, at the relevant time:

- a. the person does not receive, in the ordinary course, information as to material facts or material changes concerning the Company before the material facts or material changes are disclosed generally;
- b. the person is not a director or senior officer of a "significant subsidiary" of the Company;
- c. the person is not also an insider of the Company in a capacity other than as a director or senior officer of the subsidiary and is not otherwise exempted under the Legislation from the Insider Reporting Requirement; and
- d. the person is not denied any exemption from the Insider Reporting Requirement under the Legislation of a Jurisdiction, evidenced by this Decision, by another decision of the relevant Decision Maker, where, for these purposes, a subsidiary of the Company is a "significant subsidiary" of the Company if:
 - (i) the value of the assets of the subsidiary, on a consolidated basis with its subsidiaries, as reflected in the most recent annual audited balance sheet of the Company that the Company has filed under the Legislation, is 10 per cent or more of the consolidated assets of the Company shown on that balance sheet, or
 - (ii) the revenues of the subsidiary, on a consolidated basis with its subsidiaries, as reflected in the most recent annual audited statement of income and loss of the Company that the Company has filed under the Legislation, are 10 per cent or more of the consolidated revenues of the Company shown on that statement of income and loss;

AND PROVIDED also that this Decision shall terminate in each Jurisdiction on the day that is 90 days after the earlier of:

- (i) the effective date of implementation in the Jurisdiction of a National Instrument dealing with the subject matter of the draft National Instrument 55-101, or

- (ii) publication in the Jurisdiction of a notice by the Decision Maker of the Jurisdiction to the effect that a National Instrument dealing with the subject matter of the Proposed Instrument will not be implemented in the Jurisdiction.

December 13th, 2000.

"Howard I. Wetston"

"Stephen N. Adams"

2.1.8 Royal Bank Action Direct Inc.- MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the Suitability Requirements, as reflected in paragraph 1.5(1)(b) of OSC Rule 31-505, pursuant to section 4.1 of OSC Rule 31-505, subject to the terms and conditions set out in the Decision Document.

Decision pursuant to s.21.1(4) of the Act, that the IDA Suitability Requirements do not apply to the Filer, subject to the terms and conditions set out in the Decision Document.

Applicable Ontario Statute

Securities Act R.S.O. 1990, c.S.5, as amended, s.21.1(4).

Rules Cited

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

IDA Regulations Cited

IDA Regulation 1300.1(b), 1800.5(b), 1900.4.

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

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

**AND
IN THE MATTER OF
ROYAL BANK ACTION DIRECT 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, Newfoundland, Nova Scotia and Ontario (collectively, the "Jurisdictions") has received an application from Royal Bank Action Direct Inc. (the "Filer") regarding the operation of the separate division, Action Direct (the "Division"), for:

1. a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements of the Legislation requiring the Division and its registered salespersons, partners, officers and directors ("Registered Representatives") to make inquiries of each client of the Division as are appropriate, in view of the nature of the client's investments and of the type of transaction being effected for the client's account, to determine (a) the general investment needs and objectives of the client and (b) the suitability of a

proposed purchase or sale of a security for the client (such requirements, the "Suitability Requirements") do not apply to the Division and its Registered Representatives; and

2. a decision under the Legislation, other than the securities legislation of Newfoundland and Nova Scotia, that the requirements of the Investment Dealers Association of Canada (the "IDA"), in particular IDA Regulation 1300.1(b), 1800.5(b) and 1900.4, requiring the Division and its Registered Representatives to make inquiries of each client of the Division as are appropriate, in view of the nature of the client's investments and of the type of transaction being effected for the client's account, to determine (a) the general investment needs and objectives of the client and (b) the suitability of a proposed purchase or sale of a security for the client (such requirements, the "IDA Suitability Requirements") do not apply to the Division and its Registered Representatives;

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

AND WHEREAS the Filer and the Division have represented to the Decision Makers that:

1. the Filer is a corporation incorporated under the *Canada Business Corporations Act* and is a wholly-owned subsidiary of the Royal Bank of Canada;
2. the Division is a distinct internal operating division of the Filer;
3. the head office of the Filer is located in Ontario and the Division has branch offices or call centres located in Richmond Hill, Ontario (servicing New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island and Ontario, as well as electronic trading across Canada), Montréal, Quebec (servicing Québec), Calgary, Alberta (servicing Manitoba, Saskatchewan, Alberta, the Northwest Territories and Nunavut) and Vancouver, British Columbia (servicing British Columbia and the Yukon);
4. the Filer is registered under the Legislation as an investment dealer or equivalent and is a member of the IDA;
5. Action Direct is a trade name of the Filer registered with each of the Jurisdictions;
6. the Division operates independently and operates using its own letterhead, accounts, Registered Representatives and account documentation;
7. the Division and its Registered Representatives do not and will not, except as provided in 14 below, provide advice or recommendations regarding the purchase or sale of any security and the Filer and the Division have adopted policies and procedures to ensure the Division and the Division's Registered Representatives do not and will not, with such exception, provide advice or

- recommendations regarding the purchase or sale of any security;
8. when the Division provides trade execution services to clients it would, in the absence of this Decision, be required to comply with the Suitability Requirements and IDA Suitability Requirements;
9. clients who request the Division or its Registered Representatives to provide advice or recommendations or advice as to suitability will be referred to another division of the Filer or another dealer;
10. the Division does not and will not compensate its Registered Representatives on the basis of transactional values;
11. each client of the Division will be advised of the Decision of the Decision Makers and requested to acknowledge that:
- (a) no advice or recommendation will be provided by the Division or its Registered Representatives regarding the purchase or sale of any security, and
- (b) the Division and its Registered Representatives will no longer determine the general investment needs and objectives of the client or the suitability of a proposed purchase or sale of a security for the client; (both (a) and (b) shall constitute the "Client Acknowledgement");
12. the Client Acknowledgement will provide the client with sufficient detail and will explain to each client the significance of not receiving either investment advice or a recommendation from the Filer, including the significance of the Filer not determining the general investment needs and objectives of the client or the suitability of a proposed purchase or sale of a security for the client;
13. each client of the Division will be advised that he or she has the option of transferring his or her account or accounts to another division of the Filer or another dealer at no cost to the client if the client does not wish to provide a Client Acknowledgement (the "Account Transfer Option");
14. the Division and its Registered Representatives will continue to comply with the Suitability Requirements and IDA Suitability Requirements for client accounts for which no Client Acknowledgement is received until June 30, 2001;
15. commencing June 30, 2001, the Division will not permit a transaction in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account;
16. all prospective clients of the Division will be advised and required to acknowledge that:
- (a) no advice or recommendations will be provided by the Division or its Registered Representatives regarding the purchase or sale of any security, and
- (b) the Division and its Registered Representatives will not determine the general investment needs and objectives of the client or the suitability of a proposed purchase or sale of a security for the client, (both (a) and (b) shall constitute the "Prospective Client Acknowledgement"), prior to the Division opening an account for such prospective client;
17. the Prospective Client Acknowledgement will provide the client with sufficient detail and will explain to each client the significance of not receiving either investment advice or a recommendation from the Filer, including the significance of the Filer not determining the general investment needs and objectives of the client or the suitability of a proposed purchase or sale of a security for the client;
18. the Filer and the Division have adopted policies and procedures to ensure:
- (a) that evidence of all Client Acknowledgements, Prospective Client Acknowledgements and Account Transfer Options is established and retained pursuant to the record keeping requirements of the Legislation and the IDA,
- (b) all client accounts of the Division are appropriately designated as being a client account to which a Client Acknowledgement or Prospective Client Acknowledgement has been received or being a client account to which a Client Acknowledgement has not been received, and
- (c) for any client of the Division who does not provide a Client Acknowledgement and chooses to exercise the client's Account Transfer Option, the Division will transfer the client's account in an expeditious manner and at no cost to the client; and
19. the Filer has adopted policies and procedures to ensure that:
- (a) the Division operates separately from any other division of the Filer,
- (b) Registered Representatives of the Division are clearly employed by the Division and do not handle the business or clients of any other division of the Filer, and
- (c) a list of Registered Representatives of the Division is maintained at all times;

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 Suitability Requirements contained in the Legislation shall not apply to the Division and its Registered Representatives so long as:

1. except as permitted by 6 below, the Division and its Registered Representatives do not provide any advice or recommendations regarding the purchase or sale of any security;
2. clients who request the Division or its Registered Representatives to provide advice or recommendations or advice as to suitability are referred to another division of the Filer or another dealer;
3. the Division operates independently and operates using its own letterhead, accounts, Registered Representatives and account documentation;
4. the Division does not compensate its Registered Representatives on the basis of transactional values;
5. each client of the Division is advised of the Decision of the Decision Makers and requested to make a Client Acknowledgement or transfer his or her account to another division of the Filer or another dealer if the client does not wish to make a Client Acknowledgement;
6. the Division and its Registered Representatives continue to comply, until June 30, 2001, with their Suitability Requirements and IDA Suitability Requirements for client accounts for which no Client Acknowledgement is received;
7. commencing June 30, 2001, the Division will not permit transactions in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account;
8. each prospective client of the Division is advised of the Decision of the Decision Makers and required to make a Prospective Client Acknowledgement prior to the Division or its Registered Representation servicing such prospective client;
9. evidence of all Client Acknowledgements, Prospective Client Acknowledgements and Account Transfer Options is established and retained pursuant to the record keeping requirements of the Legislation and the IDA;
10. for any client who elects to exercise the client's Account Transfer Option, the Division transfers such account or accounts to another division of

the Filer or another dealer in an expeditious manner and at no cost to the client;

11. the Division accurately identifies and distinguishes client accounts for which a Client Acknowledgement or Prospective Client Acknowledgement has been provided and client accounts for which no Client Acknowledgement has been provided;
12. the Filer has in force policies and procedures to ensure that:
 - (a) the Division continues to operate separately from any other division of the Filer,
 - (b) Registered Representatives of the Division are clearly employed by the Division and do not handle the business or clients of any other division of the Filer, and
 - (c) a list of Registered Representatives of the Division is maintained at all times; and
13. if an IDA rule addressing the IDA Suitability Requirements comes into effect, the Decision with respect to the Suitability Requirements will terminate one year following the date such rule comes into force, unless the Decision Maker determines otherwise.

"December 8, 2000"

"William R. Gazzard"

THE DECISION of the Decisions Makers, other than Newfoundland and Nova Scotia, is that the IDA Suitability Requirements do not apply to the Division and its Registered Representatives so long as:

1. except as permitted by 6 below, the Division and its Registered Representatives do not provide any advice or recommendations regarding the purchase or sale of any security;
2. clients who request the Division or its Registered Representatives to provide advice or recommendations or advice as to suitability are referred to another division of the Filer or another dealer;
3. the Division operates independently and operates using its own letterhead, accounts, Registered Representatives and account documentation;
4. the Division does not compensate its Registered Representatives on the basis of transactional values;
5. each client of the Division is advised of the Decision of the Decision Makers and requested

- to make a Client Acknowledgement or transfer his or her account to another division of the Filer or another dealer if the client does not wish to make a Client Acknowledgement;
6. the Division and its Registered Representatives continue to comply, until June 30, 2001, with their Suitability Requirements and IDA Suitability Requirements for client accounts for which no Client Acknowledgement is received;
7. commencing June 30, 2001, the Division will not permit transactions in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account;
8. each prospective client of the Division is advised of the Decision of the Decision Makers and required to make a Prospective Client Acknowledgement prior to the Division or its Registered Representation servicing such prospective client;
9. evidence of all Client Acknowledgements, Prospective Client Acknowledgements and Account Transfer Options is established and retained pursuant to the record keeping requirements of the Legislation and the IDA;
10. for any client who elects to exercise the client's Account Transfer Option, the Division transfers such account or accounts to another division of the Filer or another dealer in an expeditious manner and at no cost to the client;
11. the Division accurately identifies and distinguishes client accounts for which a Client Acknowledgement or Prospective Client Acknowledgement has been provided and client accounts for which no Client Acknowledgement has been provided;
12. the Filer has in force policies and procedures to ensure that:
 - (a) the Division continues to operate separately from any other division of the Filer,
 - (b) Registered Representatives of the Division are clearly employed by the Division and do not handle the business or clients of any other division of the Filer, and
 - (c) a list of Registered Representatives of the Division is maintained at all times; and

13. if an IDA rule addressing the IDA Suitability Requirements comes into effect, the Decision with respect to the Suitability Requirements will terminate one year following the date such rule comes into force, unless the Decision Maker determines otherwise.

December 8, 2000"

"John A. Geller"

"Robin W. Korthals"

2.1.9 Cobequid Life Sciences Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer has only four security holders - 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 AND ONTARIO**

AND

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

AND

IN THE MATTER OF COBEQUID LIFE SCIENCES INC.

MRRS DECISION DOCUMENT

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

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

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

1. the Filer is a corporation existing under the *Canada Business Corporations Act* (the "CBCA").
2. The head office of the Filer is located in Markham, Ontario.
3. The Filer is a reporting issuer, or the equivalent thereof, under the Legislation.
4. Apart from the failure to file its third quarter financial statements in British Columbia and Alberta, which were due on July 30, 2000, the Filer is not in default of any of the requirements of the Legislation.
5. The authorised capital of the Filer consists of an unlimited number of Common Shares, 10,000,000 Class 'A' preferred shares and 10,000,000 Class 'B' preferred shares. There are currently 13,591,674

Common Shares of the Filer issued and outstanding (the "Shares"). There are no Class 'A' preferred shares and no Class 'B' preferred shares issued and outstanding.

6. On or about July 21, 2000, 3723518 Canada Inc. ("3723518 Canada") and its affiliate Vericore Holdings Limited ("Vericore"), became the sole holders of shares of the Filer in accordance with an offer (the "Offer") made pursuant to a take-over bid circular dated May 24, 2000, and the subsequent exercise of the compulsory acquisition provisions of the CBCA.
7. Other than the Shares held by 3723518 Canada and Vericore and certain private debt held by two persons, there are no securities of the Filer issued and outstanding.
8. The common shares of the Filer were delisted from The Toronto Stock Exchange on June 22, 2000. No securities of the Filer are listed or posted for trading on any stock exchange or organized market.
9. The Filer does not intend to seek public financing by way of an offer of securities.

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

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

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

December 12th, 2000.

"John Hughes"
Manager, Continuous Disclosure

2.1.10 Mackenzie Financial Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - trades by pooled funds of additional units to existing unitholders holding units having an aggregate acquisition cost or net asset value of not less than the minimum amount prescribed by legislation under "private placement" exemption exempted from registration and prospectus requirement - trades by pooled funds of units to existing unitholders pursuant to automatic reinvestment of distributions by pooled funds exempted from registration and prospectus requirement - trades in units of pooled funds not subject to requirement to file reports of trade within 10 days of trades provided prescribed reports filed and fees paid within 30 days of financial year end of pooled funds.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 53, 72(3), 74(1), 147

Rules Cited

Ontario Securities Commission Rule 45-501 - *Exempt Distributions* (1998) 21 OSCB 6548
Ontario Securities Commission Rule 81-501 - *Mutual Fund Reinvestment Plans* (1998) 21 OSCB 2713

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

AND

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

AND

**IN THE MATTER OF
MACKENZIE FINANCIAL CORPORATION**

MRRS DECISION DOCUMENT

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

- (a) certain trades in units ("Units") of open-end unit trusts (the "Funds") to be established by the Applicant are not subject to the registration and

prospectus requirements of the Legislation of Manitoba, Ontario, New Brunswick, Newfoundland, Prince Edward Island and Yukon Territory (the "Prospectus Jurisdictions"); and

- (b) trades in Units are not subject to the requirements of the Legislation of the Jurisdictions other than Manitoba relating to the filing of forms and the payment of fees within 10 days of each trade;

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. the Applicant is registered under the Legislation of Ontario as an adviser in the categories of investment counsel and portfolio manager;
2. the Applicant intends to establish one or more Funds pursuant to declarations of trust for which the Applicant will act as the trustee, manager and promoter. Each Fund will be a "mutual fund" as defined in the Legislation;
3. none of the Funds currently intends to become a reporting issuer, as such term is defined in the Legislation, and the Units of the Funds will not be listed on any stock exchange;
4. each Fund will be divided into Units which will evidence the undivided interest of each unitholder (collectively the "Unitholders") in the assets of the Fund;
5. Units will be distributed on a continuous basis to persons in the Jurisdictions in reliance on the exemption (the "Private Placement Exemption") set out in the Legislation for distributions where the purchaser purchases as principal if the aggregate acquisition cost is not less than a prescribed amount (the "Prescribed Amount");
6. the minimum initial investment in a Fund by a resident of any Jurisdiction will be not less than the Prescribed Amount in that Jurisdiction;
7. following such initial investment, it is proposed that Unitholders be able to purchase additional Units ("Subscribed Units") of a Fund in increments of less than the Prescribed Amount, provided that at the time of such subsequent acquisition the investor holds Units of the Fund with an aggregate acquisition cost or aggregate net asset value of at least the Prescribed Amount; and
8. each Fund proposes to distribute additional Units ("Reinvested Units") by way of automatic reinvestment of distributions to unitholders of such Fund;

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 and prospectus requirements contained in the Legislation of the Prospectus Jurisdictions shall not apply to
 - (i) the issuance of Subscribed Units of a Fund to a Unitholder of that Fund provided that
 - (1) the initial investment in Units of that Fund was pursuant to the Private Placement Exemption,
 - (2) at the time of the issuance of such Subscribed Units, the Unitholder then owns Units of that Fund having an aggregate acquisition cost or an aggregate net asset value of not less than the Prescribed Amount of the applicable Prospectus Jurisdiction,
 - (3) at the time of the issuance of such Subscribed Units, the Applicant is registered under the Legislation of Ontario as an adviser in the categories of investment counsel and portfolio manager and such registration is in good standing, and
 - (4) this clause (i) will cease to be in effect with respect to a Prospectus Jurisdiction 90 days after the coming into force of any legislation, regulation or rule in such Jurisdiction relating to the distribution of Subscribed Units of pooled funds; and
 - (ii) an issuance of Reinvested Units of a Fund to a Unitholder of that Fund provided that
 - (1) no sales commission or other charge in respect of such issuance of Reinvested Units is payable, and
 - (2) each Unitholder who receives Reinvested Units has received, not more than 12 months before such issuance, a statement describing (A) the details of any deferred or contingent sales charge or redemption fee that is payable at the time of the redemption of a Unit, (B) any right that the

Unitholder has to make an election to receive cash instead of Units on the payment of the net income or net realized capital gains distributed by the Fund, (C) instructions on how the right referred to in subsubclause (B) can be exercised, and (D) the fact that no prospectus is available for the Fund as Units are offered pursuant to prospectus exemptions only; and

- (b) the requirements contained in the Legislation of the Jurisdictions other than Manitoba to file a report of a distribution of Units under the Private Placement Exemption or of Subscribed Units within 10 days of such trade shall not apply to such trade, provided that within 30 days after each financial year end of each Fund, such Fund:
 - (i) files with the applicable Decision Maker a report in respect of all trades in Units of that Fund during such financial year, in the form prescribed by the applicable Legislation, and
 - (ii) remits to the applicable Decision Maker the fee prescribed by the applicable Legislation.

December 12th, 2000.

"J.A. Geller"

"R.W. Davis"

2.1.11 Shaw Communications Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief granted to the senior officers of the Issuer and its subsidiaries from the requirement to file insider reports (subject to certain conditions) for Class B shares of the Issuer acquired through the Issuer's employee share purchase plan.

Applicable Ontario Statutory Provisions

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

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF THE PROVINCES
OF**

**BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA,
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
Shaw Communications Inc.**

MRRS 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 (the "Jurisdictions") received an application from Shaw Communications Inc. (the "Corporation") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") providing for an exemption for senior officers of the Corporation and its subsidiaries ("Senior Officers"), who purchase shares of the Corporation pursuant to the Corporation's employee share purchase plan (the "Share Purchase Plan") from the requirements contained in the Legislation for an insider to file insider trading reports, subject to certain conditions;

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

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

1. the Corporation is incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) and its head office is in Calgary, Alberta;

2. the Corporation is a reporting issuer or the equivalent in all of the provinces of Canada and is not in default of any of the requirements of the Legislation;
3. the Corporation is authorized to issue an unlimited number of class A participating shares and class B non-voting participating shares (the "Class B Shares"). The Class B Shares are listed for trading on The Toronto Stock Exchange, the Canadian Venture Exchange and the New York Stock Exchange;
4. Shaw Cablesystems Company, Shaw Cablesystems (SMB) Company, Share Cablesystems (SSK) Company, Prairie Co-Ax TV Company, Shaw Cablesystems G.P., Fundy Communications Inc., Fundy Cable Ltd., Access Communications Inc., Access Cable Television Bedford/Sackville Limited, Shaw Fiberlink Ltd. and Shaw Ventures Inc. are subsidiaries of the Corporation;
5. securities of the Corporation are purchased on behalf of the Senior Officers by an arm's length, third party administrator of the Share Purchase Plan (the "Administrator");
6. purchases by the Administrator are made in accordance with the terms of the Share Purchase Plan and not as a result of instructions received by the Administrator directly from the Senior Officers;
7. except for making elections with respect to contributions to the Share Purchase Plan, a Senior Officer has no authority to determine the prices or times at which Class B Shares are purchased on his or her behalf under the Share Purchase Plan; and
8. the Share Purchase Plan is an "automatic securities purchase plan" as defined in the proposed National Instrument 55-101 of the Canadian Securities Administrators;

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 under the Legislation is that the insider reporting requirements in the Legislation shall not apply to the acquisition by a Senior Officer of Class B Shares pursuant to the Share Purchase Plan, provided that:

1. Each Senior Officer who is a participant in the Share Purchase Plan (a "Participant") shall file, in the form prescribed for the insider reporting requirements in the Legislation, a report disclosing all acquisitions of Class B Shares under the Share Purchase Plan that have not been previously reported by or on behalf of the Participant;

- (a) for any Class B Shares acquired under the Share Purchase Plan which have been disposed of or transferred, within the time required by the Legislation for reporting the disposition or transfer; and
 - (b) for any Class B Shares acquired under the Share Purchase Plan during a calendar year which have not been disposed of or transferred, within 90 days of the end of the calendar year;
2. except in Quebec, such exemption is not available to a Participant 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 of the Corporation's outstanding voting securities.
 3. in Quebec, the Decision shall not apply to the acquisition of securities under the Share Purchase Plan by a Senior Officer who exercises control over more than 10 percent of a class of shares of the Corporation to which are attached voting rights or an unlimited right to a share of the profits of the Corporation and in its assets in case of winding up.
 4. the Decision shall terminate on the effective date of the proposed National Instrument 55-101 or any legislation or rule dealing with similar exemptions from insider reporting requirements.

DATED at Calgary, Alberta on December 15, 2000.

Kenneth Parker, CA
Director, Capital Markets

2.1.12 Retrocom Growth Fund Inc.

Headnote

Extension of lapse date.

Statutes Cited

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

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
NOVA SCOTIA and ONTARIO**

AND

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

AND

**IN THE MATTER OF
RETROCOM GROWTH FUND INC.**

(the "Fund")

DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Nova Scotia and Ontario (the "Jurisdictions") have received an application from the Fund for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the times prescribed by the Legislation for the filing of a final prospectus (the "Renewal Prospectus") for the Fund and for obtaining a receipt for the Renewal Prospectus be extended;

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

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

1. The Fund is a corporation amalgamated under the laws of Canada and is registered as a labour sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario) and as a labour-sponsored venture capital corporation under the *Income Tax Act* (Canada) and the *Equity Tax Credit Act* (Nova Scotia), and is a prescribed labour-sponsored venture capital corporation by regulation under the *Income Tax Act* (New Brunswick). The Fund amalgamated with Sportfund Inc. ("Sportfund") by articles of arrangement effective April 26, 2000 and continues under the name Retrocom Growth Fund Inc. The Fund was originally incorporated by articles of incorporation dated January 31, 1995.

Decisions, Orders and Rulings

2. The manager of the Fund is Black Investment Management Ltd. ("Black Investment"). Black Investment is incorporated under the laws of Ontario and is registered under the *Securities Act* (Ontario) as an adviser in the categories of investment counsel and portfolio manager, and as a commodity trading manager. Pursuant to an agreement with the Fund, Black Investment has primary responsibility for the management of the Fund.
3. The Fund and Black Investment have retained Retrocom Investment Management Inc. ("RIMI") to provide investment and project advisory and monitoring services to the Fund. RIMI is an Ontario corporation that is registered in Ontario as an adviser in the categories of investment counsel and portfolio manager.
4. The Fund is a reporting issuer under the Legislation and is not in default of any requirement of the Legislation.
5. The Class A Series I Shares and Class C Series 6 Shares (collectively, the "Shares") of the Fund are offered for sale on a continuous basis in each of the Jurisdictions pursuant to a prospectus (the "Prospectus") dated December 13, 1999 and for which a receipt was issued by each Jurisdiction dated December 14, 1999.
6. Pursuant to the Legislation of the Jurisdictions, the earliest lapse date for the distribution of the Shares under the Prospectus is December 13, 2000.
7. A pro forma prospectus (the "Pro Forma Prospectus") dated November 1, 2000, pursuant to the final, receipted version of which, Class A Series I Shares of the Fund will continue to be distributed, has been filed via SEDAR Project No. 308820.
8. Although the Pro Forma Prospectus was filed prior to the November 13, 2000 deadline applicable to the Fund pursuant to the Legislation for the filing of a pro forma prospectus, the Fund has been advised by staff at the Ontario Securities Commission that it faces a real possibility that the review and comment process prescribed by National Policy 43-201 will not be completed in sufficient time for the Renewal Prospectus to be finalized in a form that is satisfactory to the Decision Makers and the Fund, filed with the Jurisdictions by the December 23, 2000 deadline imposed by the Legislation and receipted by the January 2, 2001 deadline imposed by the Legislation.
9. The shareholders of the Fund would benefit from the extension of the time periods required by the Legislation to file renewal materials and to have those materials receipted. The relief sought herein would permit the Fund to finalize and file a Renewal Prospectus that is satisfactory in form to the Decision Makers and to the Fund and, therefore, to the ultimate benefit of shareholders of the Fund. Furthermore, those shareholders of the Fund who purchase Class A Series I Shares on a regular basis pursuant to pre-authorized payment plans would, in the absence of the

relief sought herein, be prevented from purchasing such shares during the period of time between the lapse date and the date on which a receipt is obtained for the Renewal Prospectus.

10. The financial year end of the Fund is August 31. Draft versions of the audited financial statements of the Fund were prepared and filed with the Ontario Securities Commission on November 27, 2000 (SEDAR Project No. 308820).
11. Since the date of the Prospectus, there have been no material changes in the affairs of the Fund and no amendments to the Prospectus have been made other than Amendment No. 1 dated March 6, 2000 relating to the amalgamation of the Fund with Sportfund.

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

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

THE DECISION of the Decision Makers pursuant to the legislation is that the time limits provided by the Legislation for the filing of the Renewal Prospectus and the receipting thereof, in connection with the distribution of securities under the Prospectus are hereby extended to the times that would be applicable if the lapse date for the distribution of securities under the Prospectus was January 15, 2001.

December 13th, 2000.

"Paul A. Dempsey"
Assistant Manager/Senior Legal Counsel
Investment Funds, Capital Markets Branch

2.2 Orders

2.2.1 Promax Energy Inc.

Headnote

Subsection 83.1(1) – issuer deemed to be reporting issuer in Ontario – issuer has been reporting issuer in Alberta and British Columbia for more than 12 months – issuer listed and posted for trading on Tier 2 of the Canadian Venture Exchange – continuous disclosure requirements of Alberta and British Columbia 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
PROMAX ENERGY INC.

ORDER
(Subsection 83.1(1))

UPON the application of Promax Energy Inc. ("Promax") for an Order pursuant to subsection 83.1(1) of the Act deeming Promax to be a reporting issuer for the purpose of Ontario securities law;

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

AND UPON Promax representing to the Commission as follows:

1. Promax is a corporation governed by the *Business Corporations Act* (Alberta) S.A. 1981, c.B-15, as amended, (the "ABCA").
2. Promax's head office is located in Calgary, Alberta.
3. Promax has been a reporting issuer under the *Securities Act* (British Columbia) R.S.B.C. 1996, Chap. 418 (the "B.C. Act") since October 28, 1983. The common shares of Promax were listed for trading on the Vancouver Stock Exchange on January 16, 1984 and traded thereon until November 26, 1999, at which time the common shares of Promax commenced trading on the Canadian Venture Exchange Inc. ("CDNX"). Promax 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 CDNX. Promax is not on the list of defaulting reporting issuers maintained pursuant to section 113 of the *Securities Act* (Alberta) (the "Alberta Act") or section 77(3) of the B.C. 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 Promax (and its predecessors) under the B.C. Act since October 28, 1983 and under the Alberta Act since November 26, 1999 are available on the System for Electronic Document Analysis and Retrieval (SEDAR).
6. Promax is not currently a reporting issuer or the equivalent under the securities legislation of any jurisdiction in Canada other than Alberta and British Columbia.
7. The authorized share capital of Promax consists of an unlimited number of common shares (the "Common Shares") without par value of which 40,407,680 Common Shares were issued and outstanding as of November 10, 2000.
8. There are 2,952,000 Common Shares reserved for issuance upon exercise of stock options granted to directors, officers, employees and consultants of the Corporation upon payment of exercise prices ranging from \$0.35 to \$0.64 per share.

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 Promax be deemed a reporting issuer for the purposes of the Act.

December 8th, 2000.

"Howard I. Wetston"

"J. A. Geller"

2.2.2 Dumont Nickel Inc. - ss.83.1

Headnote

Subsection 83.1(1) - issuer deemed to be a reporting issuer in Ontario - issuer has been reporting issuer in British Columbia and Alberta since November, 1999 - issuer has been a reporting issuer in Quebec for more than two years- issuer listed and posted for trading on the Montreal Exchange and the Canadian Venture Exchange - continuous disclosure requirements of British Columbia, Alberta, and Quebec 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
DUMONT NICKEL INC.**

**ORDER
(Subsection 83.1 of the Act)**

UPON the application of Dumont Nickel Inc. ("Dumont") for an order pursuant to Subsection 83.1 of the Act deeming Dumont to be a reporting issuer for the purposes of Ontario securities law;

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

AND UPON Dumont representing to the Commission as follows:

1. Dumont was formed on July 30, 1998 through the amalgamation of Dumont Resources Inc., the successor to Dumont Nickel Corporation (No Personal Liability), and Edgehill Partners Inc. Dumont is a valid and existing company under Part IA of the *Companies Act* (Québec).
2. Dumont has been a reporting issuer under the *Quebec Securities Act* (the "Quebec Act") since November, 1998 and under the *Securities Act* (British Columbia) (the "BC Act") and the *Securities Act* (Alberta) (the "Alberta Act") since November, 1999 and Dumont is not in default of any requirements under the BC Act, the Alberta Act or the Quebec Act.
3. The continuous disclosure requirements of the BC Act, the Alberta Act and the Quebec Act are substantially the same as the requirements under the Act.
4. The continuous disclosure materials filed by Dumont under the BC Act, the Alberta Act and the Québec Act since 1998 are available on the System for Electronic Document Analysis and Review.

5. Dumont is not a reporting issuer or a public company under the securities legislation of any other jurisdiction in Canada.

6. The authorized share capital of Dumont consists of an unlimited number of common shares without par value (the "Common Shares"), of which, as of August 18, 2000, 21,606,129 of the Common Shares are issued and outstanding.

7. The Common Shares are listed on the Montreal Exchange and on the Canadian Venture Exchange.

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 of the Act that Dumont be deemed a reporting issuer for the purposes of the Act.

December 15th, 2000.

"Howard I. Wetston"

"J. A. Geller"

2.2.3 Covington Fund II Inc. ss.62(5)

Headnote

Extension of Lapse Date for Mutual Funds' prospectus filing.

Statutes Cited

Securities Act, R.S.O. 1990, c. S5, as amended, ss. 62(5).

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

AND

**IN THE MATTER OF COVINGTON FUND II INC.
EXEMPTION
(Subsection 62(5))**

UPON the application (the "Application") of Covington Fund II Inc. (the "Fund") to the Ontario Securities Commission (the "Commission") for an exemption pursuant to subsection 62(5) of the Securities Act (Ontario) (the "Act") from subsection 62(1) of the Act to extend the date for the Fund to file a final renewal prospectus.

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

AND UPON the Fund having represented to the Commission that:

1. The Fund is a labour-sponsored investment fund corporation established under the laws of Ontario.
2. The Fund is qualified for distribution in Ontario by means of a prospectus dated November 29, 1999 (the "Prospectus").
3. Pursuant to the Act, the lapse date for the securities of the Fund qualified under the Prospectus is November 30, 2000.
4. Pursuant to the Act, final versions of the renewal prospectus (the "Final Renewal Documents") must be filed with the Commission within ten days of the lapse date in the absence of the exemptive relief granted hereby.
5. The Fund filed a pro forma renewal prospectus on October 31, 2000. The Fund is requesting an extension to the lapse date to permit the Fund to settle outstanding issues relating to the renewal prospectus.
6. Each Fund is a reporting issuer in Ontario and is not in default of any of the requirements of the securities laws of Ontario.
7. There have been no material changes in the affairs of the Fund since the date of the Prospectus in respect of which an amendment to the Prospectus has not been prepared and filed in accordance with the Act.

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

NOW THEREFORE pursuant to subsection 62(5) of the Act, the Commission hereby orders that the time limits provided by the Act for the filing of the Final Renewal Documents of the Fund and the receipting thereof, in connection with the distribution of securities of the Fund are hereby extended to the times that would be applicable if the lapse date for the distribution of securities under the Prospectus was December 15, 2000.

November 30th, 2000

Paul A. Dempsey
Assistant Manager/Senior Legal Counsel, Investment Funds
Ontario Securities Commission

2.3 Rulings

2.3.1 1450106 Ontario Ltd. s. 59(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 ss. 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 1450106 ONTARIO LIMITED

RULING (Section 59 of Schedule 1)

UPON the application (the "Application") of 1450106 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) 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 November 24, 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. Given that 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 \$16,786.46 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.

December 15th, 2000.

"Howard I. Wetston"

"J.A. Geller"

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Chapter 3

Reasons: Decisions, Orders and Rulings

THERE IS NO MATERIAL FOR THIS CHAPTER
IN THIS ISSUE

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Chapter 4

Cease Trading Orders

4.1.1 Temporary and Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
RX Neutraceuticals Corp.	1 Dec 00	-	-	14 Dec 00
Enviromental Reclamation Inc.	20 Dec 00	2 Jan 01	-	-
Great Grandad Resources Ltd.	19 Dec 00	29 Dec 00	-	-
Georgian Bancorp Inc.	6 Dec 00	-	18 Dec 00	-
White Star Copper Mines Ltd.	6 Dec 00	-	18 Dec 00	-
GDL Evergreen Inc.	19 Dec 00	29 Dec 00	-	-

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Chapter 5

Rules and Policies

5.1 Rules and Policies

5.1.1 National Instrument 35-101 and Companion Policy

NATIONAL INSTRUMENT 35-101 CONDITIONAL EXEMPTION FROM REGISTRATION FOR UNITED STATES BROKER-DEALERS AND AGENTS NATIONAL INSTRUMENT 35-101

CONDITIONAL EXEMPTION FROM REGISTRATION FOR UNITED STATES BROKER-DEALERS AND AGENTS

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NATIONAL INSTRUMENT 35-101 CONDITIONAL EXEMPTION FROM REGISTRATION FOR UNITED STATES BROKER-DEALERS AND AGENTS NATIONAL INSTRUMENT 35-101

CONDITIONAL EXEMPTION FROM REGISTRATION FOR UNITED STATES BROKER-DEALERS AND AGENTS

PART 1 DEFINITIONS

1.1 Definitions - In this Instrument,

"agent" means a partner, officer, director or salesperson of a broker-dealer who is acting on behalf of a broker-dealer in effecting trades of securities;

"broker-dealer" means a "broker" or "dealer", as those terms are defined in the 1934 Act, that has its principal place of business in the United States of America;

"foreign security" means a security

(a) that is listed for trading or quoted on an exchange or market outside of Canada; or

(b) of an issuer that is not incorporated, continued or organized under the laws of Canada or a jurisdiction of Canada; and

"NASD" means the National Association of Securities Dealers in the United States of America.

PART 2 BROKER-DEALER EXEMPTION

2.1 Exemption from Dealer Registration Requirement - The dealer registration requirement does not apply to a broker-dealer if

(a) the broker-dealer has no office or other physical presence in any jurisdiction in Canada;

(b) the broker-dealer is trading in a foreign security;

(c) the trading is with or for

(i) an individual ordinarily resident in the United States of America who is temporarily resident in the local jurisdiction and with whom the broker-dealer had a broker-dealer client relationship before the individual became temporarily resident in the local jurisdiction; or

- (ii) an individual if the trade is for the individual's tax-advantaged retirement savings plan or with the individual's tax-advantaged retirement savings plan, and
 - (i) the plan is located in the United States of America,
 - (ii) the individual is a holder of or contributor to the plan, and
 - (iii) the individual was previously resident in the United States of America;
- (d) the broker-dealer has not advertised for or solicited new clients in the local jurisdiction;
- (e) the broker-dealer is a member of the NASD;
- (f) the broker-dealer has delivered, or immediately after the broker-dealer first relies on this section delivers, to the securities regulatory authority
 - (i) a notice that the broker-dealer is relying on an exemption from the registration requirement provided under this Instrument;
 - (ii) a statement of the broker-dealer certifying that the broker-dealer is registered in the state of the United States of America where the broker-dealer was located when the broker-dealer first relied on this section; and
 - (iii) an executed Form 35-101F1 Submission to Jurisdiction and Appointment of Agent for Service of Process;
- (g) the broker-dealer has delivered a notice to the securities regulatory authority describing any criminal or quasi-criminal proceeding brought against the broker-dealer or its agents in any jurisdiction or foreign jurisdiction, or of any decision, order, ruling, or other requirement made with respect to or imposed on the broker-dealer or its agents in a jurisdiction or foreign jurisdiction as a result of any administrative, self-regulatory or regulatory action, hearing or proceeding involving fraud, theft, deceit, misrepresentation or similar conduct;
- (h) the broker-dealer has disclosed to the client that the broker-dealer and its agents are not subject to the full regulatory requirements otherwise applicable under local securities legislation; and
- (i) the broker-dealer, in the course of its dealings with clients, acts fairly, honestly and in good faith.

2.2 Termination Notice - A broker-dealer shall immediately notify the securities regulatory authority if the broker-dealer will no longer engage in trading or advising activities under section 2.1.

2.3 Exemption from Adviser Registration Requirement - The adviser registration requirement does not apply to advising activities of the broker-dealer if those activities are solely incidental to trading activities of the broker-dealer under section 2.1.

PART 3 AGENTS EXEMPTION

3.1 Agents Exemption - The dealer registration requirement does not apply to an agent if

- (a) the trading is on behalf of a broker-dealer that has notified the agent of its intent to rely on the exemption under section 2.1;
- (b) the agent has no office or other physical presence in any jurisdiction in Canada;
- (c) the agent is trading in a foreign security;
- (d) the trading is with or for
 - (i) an individual ordinarily resident in the United States of America who is temporarily resident in the local jurisdiction and with whom the broker-dealer on whose behalf the agent is trading had a broker-dealer client relationship before the individual became temporarily resident in the local jurisdiction; or
 - (ii) an individual if the trade is for the individual's tax-advantaged retirement savings plan or with the individual's tax-advantaged retirement savings plan, and
 - (i) the plan is located in the United States of America,
 - (ii) the individual is a holder of or contributor to the plan, and
 - (iii) the individual was previously resident in the United States of America;
- (e) the agent has not advertised for or solicited new clients in the local jurisdiction;
- (f) the agent has delivered, or immediately after the agent first relied on this section delivers, to the securities regulatory authority
 - (i) a notice that the agent is relying on this Instrument for an exemption from the registration requirement;
 - (ii) a statement of the agent certifying that the agent is registered in the state in the United States of America where the agent was located when the agent first relied on this section; and

(iii) an executed Form 35-101F2 Submission to Jurisdiction and Appointment of Agent for Service of Process;

(g) the agent has delivered a notice to the securities regulatory authority describing any criminal or quasi-criminal proceeding brought against the agent in any jurisdiction or foreign jurisdiction, or of any decision, order, ruling, or other requirement made with respect to or imposed on the agent in a jurisdiction or foreign jurisdiction as a result of any administrative, self-regulatory or regulatory action, hearing or proceeding involving fraud, theft, deceit, misrepresentation or similar conduct;

(h) the agent, in the course of its dealings with the broker-dealer's clients, acts fairly, honestly and in good faith.

3.2 Termination Notice - An agent shall immediately notify the securities regulatory authority if the agent will no longer engage in trading or advising activities under section 3.1.

3.3 Exemption from Adviser Registration Requirement - The adviser registration requirement does not apply to advising activities of the agent if those activities are solely incidental to trading activities of the agent under section 3.1.

PART 4 EXEMPTION FROM PROSPECTUS AND UNDERWRITER REQUIREMENTS

4.1 Exemption from Prospectus and Underwriter Requirements - The prospectus requirement and underwriter registration requirement do not apply to a distribution of foreign securities if that distribution

(a) is made by a broker-dealer or agent that is exempt from the adviser registration requirement and the dealer registration requirement under section 2.1 or 3.1; and

(b) is made in compliance with all applicable

(i) U.S. federal securities laws, and

(ii) state securities legislation in the United States of America.

PART 5 EFFECTIVE DATE

5.1 Effective Date - This Instrument comes into force on January 1, 2001.

**NATIONAL INSTRUMENT 35-101
CONDITIONAL EXEMPTION FROM REGISTRATION FOR
UNITED STATES BROKER-DEALERS AND AGENTS**

**FORM 35-101F1
FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT
OF AGENT FOR SERVICE OF PROCESS BY BROKER-DEALER**

Instructions: Complete this form for each of the jurisdictions in which the broker-dealer seeks the conditional exemption from registration in National Instrument 35-101 (the "exemption"). Insert the name of the jurisdiction at each "•".

1. Name of broker-dealer (the "Broker-Dealer");
2. Jurisdiction of incorporation of the Broker-Dealer;
3. Name of agent for service of process (the "Agent for Service");
4. Address for service of process on the Agent for Service in •;
5. The Broker-Dealer designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the Broker-Dealer's activities in • under the exemption, and irrevocably waives any right to raise as defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.
6. The Broker-Dealer irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of • and any administrative proceeding in •, in any Proceeding arising out of or related to or concerning the Broker-Dealer's activities in • under the exemption.
7. Until six years after the Broker-Dealer ceases to use the exemption, the Broker-Dealer shall file:
 - a. a new Submission to Jurisdiction and Appointment of Agent for Service of Process in this form at least 30 days before termination for any reason of this Submission to Jurisdiction and Appointment of Agent for Service of Process; and
 - b. An amended Submission to Jurisdiction and Appointment of Agent for Service of Process at least 30 days before any change in the name or above address of the Agent for Service.
8. This submission to Jurisdiction and Appointment of Agent for Service of Process is governed by and construed in accordance with the laws of •.

Dated: _____

(Signature of Broker-Dealer or
authorized signatory)

(Name and Title of Authorized
Signatory)

Acceptance

The undersigned accepts the appointment as agent for service of process on **(Insert name of Broker-Dealer)** under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service of Process.

Dated: _____

(Signature of Agent for Service or
authorized signatory)

(Name and Title of Authorized
Signatory)

**NATIONAL INSTRUMENT 35-101
CONDITIONAL EXEMPTION FROM REGISTRATION FOR
UNITED STATES BROKER-DEALERS AND AGENTS**

**FORM 35-101F2
FORM OF SUBMISSION TO JURISDICTION AND
APPOINTMENT OF AGENT FOR SERVICE OF PROCESS
BY AGENTS OF THE BROKER-DEALER**

Instructions: Complete this form for each of the jurisdictions in which agents of the broker-dealer seek the conditional exemption from registration in National Instrument 35-101 (the "exemption"). Insert the name of the jurisdiction at each "•".

1. Name of the broker-dealer (the "Broker-Dealer");
2. Jurisdiction of incorporation of the Broker-Dealer;
3. Name(s) and address(es) of agent(s) of the Broker-Dealer filing this form (the "Broker-Dealer Agents");
4. Name of agent for service of process (the "Agent for Service");
5. Address for service of process on the Agent for Service in •;
6. Each Broker-Dealer Agent designates and appoints the Agent for Service at the address of the Agent for Service stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the Broker-Dealer Agent's activities in • under the exemption, and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.
7. Each Broker-Dealer Agent irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of • and any administrative proceeding in •, in any Proceeding arising out of or related to or concerning the Broker-Dealer Agent's activities in • under the exemption.
8. Until the earlier of (i) the termination of a Broker-Dealer Agent's position as an agent of the Broker-Dealer and six years after the Broker-Dealer ceases to use the exemption, the Broker-Dealer Agent shall file:
 - a. new Submission to Jurisdiction and Appointment of Agent for Service of Process in this form at least 30 days prior to termination for any reason of this Submission to Jurisdiction and Appointment of Agent for Service of Process; and
 - b. an amended Submission to Jurisdiction and Appointment of Agent for Service of Process at least 30 days before any change in the name or above address of the Agent for Service.
9. This Submission to Jurisdiction and Appointment of Agent for Service of Process is governed by and construed in accordance with the laws of •.

Dated: _____
Signature of Broker-Dealer Agent)

Dated: _____
(Signature of Broker-Dealer Agent)

Dated: _____
(Signature of Broker-Dealer Agent)

Dated: _____
(Signature of Broker-Dealer Agent)

Acceptance

The undersigned accepts the appointment as agent for service of process on **(Insert name(s) of Broker-Dealer Agent(s))** pursuant to the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service of Process.

Dated:

(Signature of Agent for Service or
authorized signatory)

(Name and Title of Authorized
Signatory)

**COMPANION POLICY 35-101CP
CONDITIONAL EXEMPTION FROM REGISTRATION FOR
UNITED STATES BROKER-DEALERS AND AGENTS**

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**COMPANION POLICY 35-101CP
CONDITIONAL EXEMPTION FROM REGISTRATION FOR
UNITED STATES BROKER-DEALERS AND AGENTS**

PART 1 INTRODUCTION

1.1 Introduction - Cross-border trading activities between Canada and the United States of America often take place because of the movement of residents between the two countries. In order to facilitate certain cross-border trading activities that may arise between United States broker-dealers and their existing clients who are now located in Canada, the Canadian securities regulatory authorities have adopted National Instrument 35-101 Conditional Exemption From Registration for United States Broker-Dealers and Agents (the "Instrument") which provides certain broker-dealers, and their agents, resident in the United States of America with a conditional exemption from the applicable registration requirements and the prospectus requirement. This approach is consistent with the Instrument's underlying policy that investors will be relying primarily upon the regulation by securities regulators and statutory liability imposed by legislation in the broker-dealer's or agent's home jurisdiction for protection.

PART 2 GENERAL PRINCIPLES

2.1 General - The Instrument provides that a United States broker-dealer and its agents may engage in two specific types of cross-border trading activities in foreign securities with an individual who was previously resident in the United States of America, and is now located in Canada, regardless of nationality. In Quebec, the term foreign securities includes futures.

2.2 Temporarily Resident - The first category of activity provided for under clause 2.1(c)(i) and clause 3.1(d)(i) of the Instrument permits brokers-dealers and their agents to deal in foreign securities with an individual ordinarily resident in the United States of America who is temporarily resident in a Canadian jurisdiction and with whom the broker-dealer had a broker-dealer client relationship before the individual became temporarily resident in the Canadian jurisdiction. This aspect of the Instrument is intended to allow persons from the United States who are on a temporary work assignment in Canada, or who may be in Canada on vacation or for other reasons, to trade with their home broker-dealer and agent in the United States of America. The concept of "temporarily" as it appears in the National Instrument is based upon SEC Rule 15a-6 which exempts certain non-United States broker-dealers from registering under the 1934 Act.

The Canadian Securities Administrators are of the view that a person that ceases to be "ordinarily resident" in the United States of America would not

retain status as a United States resident "temporarily resident" in Canada under the Instrument.

2.3 Tax-Advantaged Plans - The second category of activity provided for under clause 2.1(c)(ii) and clause 3.1(d)(ii) of the Instrument permits broker-dealers and their agents to deal in foreign securities with an individual who was previously resident in the United States of America and who is resident in a Canadian jurisdiction for trades for and with the individual's tax-advantaged retirement savings plan (for example, an Individual Retirement Account), if the plan is located in the United States and the individual is either a holder of, or contributor to, the plan. Under laws of the United States of America, tax-advantaged retirement savings plans must be located in the United States of America and result in adverse tax consequences for United States individuals if collapsed. For these reasons, individuals are permitted by the Instrument to continue this type of trading activity with a broker-dealer and its agent in the United States of America whether or not there was a pre-existing relationship with the broker-dealer or agent while the individual was in the United States of America.

2.4 Prospectus and Underwriter Exemption - Part 4 of the Instrument exempts a distribution of foreign securities by United States broker-dealers and their agents under the registration exemptions provided for in the Instrument from the prospectus requirement and the underwriter registration requirement. However, the distribution of foreign securities must comply with applicable United States federal securities law and state law requirements in the United States of America, which include securities registration and prospectus delivery.

PART 3 OPERATION OF EXEMPTIVE RELIEF

3.1 Affiliates - Section 2.1 of the Instrument requires that the broker-dealer have "no office or physical presence in any jurisdiction". A broker-dealer that has a Canadian affiliate in any jurisdiction is still able to take advantage of the exemptions provided for under the Instrument. The Canadian affiliate, however, is not able to take advantage of the exemptions.

3.2 Limitation of Exemptions - Any activity beyond the scope of the exemptions will constitute unregistered activity and will be subject to the applicable enforcement provisions provided for under Canadian securities legislation.

3.3 Retention of Authority - Under Canadian securities legislation, each of the Canadian securities regulatory authorities retains the authority to revoke the exemptions as they apply to a broker-dealer or agent if the broker-dealer's or agent's conduct is considered to be contrary to the public interest.

3.4 Receipt of Documentation - The Canadian securities regulatory authorities will acknowledge

receipt of material sent by broker-dealers and agents under the Instrument.

3.5 Fees - No fees will be imposed on broker-dealers or agents by the Canadian securities regulatory authorities under the exemptions provided for under the Instrument.

PART 4 INQUIRIES REGARDING PAST ACTIVITIES

4.1 Restricted Activities - A Canadian securities regulatory authority will not make inquiries about any possible failure by broker-dealers or their agents to register that rely on the exemption from registration for their

(a) trading activities and related incidental advising activities that may have been conducted with an individual from the United States of America that take place before the date which is 120 days after the coming into effect of the Instrument in the jurisdiction in which the Canadian securities regulatory authority is situate, if the individual

(i) was temporarily resident in the jurisdiction and the broker-dealer or agent had a broker-dealer client relationship with the individual before the individual became temporarily resident in the jurisdiction, or

(ii) if the trades were for or with a tax-advantaged retirement savings plan located in the United States of America and the individual was either the holder of, or contributor to, the plan; and

(b) any other trading and related incidental advising activities that may have been conducted in the jurisdiction before September 1, 1996.

4.2 Other Activities - A Canadian securities regulatory authority may make inquiries if it comes to its attention that a broker-dealer or its agent may have been engaged in improper activities in the jurisdiction in which the Canadian securities regulatory authority is situate beyond failing to register.

5.1.2 **OSC Rule 54-501 Prospectus Disclosure in Certain Information Circulars**

**ONTARIO SECURITIES COMMISSION RULES
RULE 54-501
PROSPECTUS DISCLOSURE IN CERTAIN
INFORMATION CIRCULARS**

PART 1 DEFINITION AND APPLICATION

- 1.1 **Definition of "Dissident Circular"** - In this Rule, "dissident circular" means an information circular that is sent to holders of voting securities of a reporting issuer soliciting proxies otherwise than on behalf of management of the reporting issuer.
- 1.2 **Application** - Subject to section 1.3, this Rule applies only to an information circular that is sent to holders of voting securities of a reporting issuer in respect of a meeting of those holders
- (a) for which proxies are being solicited, and
 - (b) that is being held to consider a statutory amalgamation, statutory arrangement, statutory merger or reorganization involving the reporting issuer and another issuer, under which securities are to be distributed or transferred to security holders of the reporting issuer.
- 1.3 **Exception for Dissident Circulars** - This Rule does not apply to a dissident circular, unless the sender of the dissident circular is proposing a statutory amalgamation, statutory arrangement, statutory merger or reorganization involving the reporting issuer and the sender, under which securities of the sender, or an affiliate of the sender, are to be distributed or transferred to security holders of the reporting issuer.

PART 2 PROSPECTUS DISCLOSURE IN CIRCULARS

- 2.1 **Prospectus Disclosure of Issuers Distributing Securities**
- (1) An issuer sending an information circular, other than a dissident circular, shall include in the information circular the disclosure that would be required in a prospectus if the information circular were a prospectus of each issuer whose securities are being distributed or transferred in connection with the transaction referred to in section 1.2, with necessary modifications.
 - (2) A sender of a dissident circular shall include in the dissident circular the disclosure that would be required in a prospectus if the dissident circular were: (a) a prospectus of the sender, if securities of the sender are to be distributed; or (b) a prospectus of the affiliate, if securities of an affiliate are to be distributed, in either case with necessary modifications.

2.2 **Interpretation of Section 2.1** - The disclosure required under section 2.1 to be included in an information circular concerning an issuer whose securities are being distributed or transferred includes the financial statement and other disclosure, if any, of a business acquired or to be acquired by the issuer prescribed by Part 6 or 7 of Rule 41-501 General Prospectus Requirements or Part 4 or 5 of National Instrument 44-101 Short Form Prospectus Distributions, as applicable.

2.3 **Business Acquisition Disclosure for the Sender of the Circular** - If no disclosure concerning the issuer sending an information circular is required under subsection 2.1(1), the issuer sending the information circular shall include in the information circular the financial statement and other disclosure, if any, that would be required under Part 6 or 7 of Rule 41-501 or Part 4 or 5 of National Instrument 44-101, as applicable, if the information circular were a prospectus of the issuer.

PART 3 EXEMPTION

3.1 **Exemption** - The Director may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

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Chapter 6

Request for Comments

THERE IS NO MATERIAL FOR THIS CHAPTER
IN THIS ISSUE

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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>
01Dec00	875500 Alberta Ltd. - Debentures	US\$4,807,812	33,923,000
15Nov00	Adolph Coors Company - Class B Common Stock (Non-Voting)	31,147	300
06Dec00	Armstrong Corporation - Common Shares	300,000	857,143
24Nov00	Arrow Capital Advance Fund - Class A Trust Units	147,000	15,654
01Dec00	Autros Healthcare Solutions Inc. - Special Warrants	US\$2,000,400	1,667,000
10Nov00	BPI American Opportunities Fund - Units	484,309	3,398
01Dec00	Caprion Pharmaceuticals Inc. - Class A Series I Preferred Shares	29,702,766	559,300
30Nov00	CMS Entrepreneurial Real Estate Fund III-Q, L.P. - Limited Partnership Units	7,700,000	2
30Nov00	Counsel Corporation - Common Shares	1,750,000	500,000
01Dec00	Executive Manufacturing Technologies Inc. - Series A Convertible Preferred Shares	2,000,000	25,000
01Dec00	Executive Manufacturing Technologies Inc. - Common Shares	400,000	5,000
04Dec00	GLS Global Assets Ltd. - Common Shares	150,000	500,000
01Dec00	Gluskin Sheff Fund, The - Units	2,293,414	25,454
30Nov00	Harbour Capital Canadian Balanced Fund - Trust Units	250,692	1,854
28Nov00	Home Ticket Network Corporation - Special Warrants	300,006	1,428,600
30Nov00	Honda Canada Finance Inc. - Common Shares	15,000,088	55,779
05Dec00	# Interbrew S.A./N.V. - Ordinary Shares	6,501,858	145,000
01Dec00	Iogen Corporation - 10% Subordinated Convertible Secured Debentures and Warrants to purchase Common Shares	8,780,070	8,780,000
27Nov00	Kicking Horse Resources Ltd. - Flow-Through Common Shares	800,000	3,200,000
30Nov00	MAPLE KEY Market Neutral LP - Limited Partnership Units	3,728,809	3,728,809
30Nov00	Marquest Balanced Fund #750 -	150,000	10,844
30Nov00	Marquest Canadian Equity Fund #650 -	161,529	17,351
30Nov00	Marquest Canadian Equity Growth Fund #501-	496,940	19,717
30Nov00	Marquest Technology Fund #401US -	150,000	18,690
11Dec00	Morguard Real Estate Investment Trust - Warrants to acquire Trust Units	20,000,000	20,000,000
27Nov00	NewKidCo International Inc. - Unit	US\$1,500,000	1
03Nov00	NRX Global Corporation - Common Shares	1,000,000	333,333
13Nov00	Orion Power Holdings, Inc. - Common Stock	820,195	26,400
24Nov00	PacketWare Incorporated - Class A Preference Shares	1,250,000	1,250,000
27Nov00	Procyon Biopharma Inc. - Common Shares	606,865	407,292
10Nov00	Safeguard Biometric Corp. - Common Shares	74,999	535,714

Notice of Exempt Financings

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
28Nov00	Sanford C. Bernstein U.S. Diversified Value Equity Fund - Units	2,719	88
30Nov00	Sanford C. Bernstein International Equity (Cap-weighted, Unhedged) Fund - Units	416,230	15,330
20Nov00	Sanford C. Bernstein U.S. Diversified Value Equity Fund - Units	316	10
21Nov00	Sentinel Hill Alliance Atlantis Equicap Millenium Limited Partnership - Limited Partnership Units	15,459,232	966
07Nov00	Sprott Hedge Fund Limited Partnership - Limited Partnership Units	3,987,002	3,882
13Nov00	StreetViews Inc. - Units	250,000	700,000
29Nov00	Technology Convergence Inc. - Units	1,200,005	1,600,007
17Nov00	Total Telcom Inc. - Convertible Debenture Units	260,000	200,000
27Nov00 to 01Dec00	Trimark Mutual Funds (See Filing Document for Individual Fund Names) - Units	2,160,804	218,468
30Nov00	Trust Units Davis U.S. Growth Fund	1,212,202	653,972
14Dec00	Vanguard Total Stock Market Index Fund - Shares	264,000	8,428
01Dec00	Zoolink Communications Ltd. - Special Warrants	900,000	1,500,000

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>
01Dec00	31Oct00	Seynomaur Investments Inc.	CARS4U.com Ltd. - Common Shares	150,000	250,000

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>
Executive Manufacturing Technologies Inc.	01Dec00

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

<u>Seller</u>	<u>Security</u>	<u>Amount</u>
Melnick, Larry	Champion Natural Health.com Inc. - Subordinate Voting Shares and Multiple Voting Shares	19,765, 100,000 Resp.
Estill, Glen R.	EMJ Data Systems Ltd. - Common Shares	39,000
Estill, James A.	EMJ Data Systems Ltd. - Common Shares	21,900
Timis, Frank	Gabriel Resources Ltd. - Common Shares upon the exercise of Warrants and Common Shares	1,000,000, 1,500,000 Resp.
Ellestad, Robert J.	Home Ticket Network Corporation - Common Shares	500,000
International Capital Inc.	Leisure Canada Inc. - Common Shares	900,000
Faye, Michael R.	Spectra Inc. - Common Shares	160,000
Mailion, Andrew	Spectra Inc. - Common Shares	146,500
PJT Family Corp.	Thomson Corporation, The - Common Shares	97,765
1134675 Ontario Limited	Thomson Corporation, The - Common Shares	37,697

Chapter 9

Legislation

9.1.1 Amendment to Regulation 1015 National Instrument 44-102

REGULATION TO AMEND
REGULATION 1015 OF THE REVISED REGULATIONS OF
ONTARIO, 1990
MADE UNDER THE
SECURITIES ACT

Note: Since the end of 1999, Regulation 1015 has been amended by Ontario Regulations 3/00, 108/00, 133/00, 222/00, 342/00 and 468/00. Previous amendments are listed in the Table of Regulations published in *The Ontario Gazette* dated January 22, 2000.

1. The definition of "Shelf Procedures" in subsection 1 (1) of Schedule 1 to Regulation 1015 of the Revised Regulations of Ontario, 1990 is amended by striking out "National Policy Statement No. 44" and substituting "National Instrument 44-102 *Shelf Distributions*".
2. This Regulation comes into force on the day that the rule made by the Ontario Securities Commission on September 12, 2000 entitled "National Instrument 44-102 *Shelf Distributions*" comes into force.

Ontario Securities Commission:

"J.A. Geller",
Vice-Chair

"Stephen N. Adams",
Commissioner

Dated on September 12, 2000.

Note: The rule made by the Ontario Securities Commission on September 12, 2000 entitled "National Instrument 44-102 *Shelf Distributions*" comes into force on December 31, 2000.

9.1.2 Amendment to Regulation 1015 National Instrument 44-103

REGULATION TO AMEND
REGULATION 1015 OF THE REVISED REGULATIONS
OF ONTARIO, 1990
MADE UNDER THE
SECURITIES ACT

Note: Since the end of 1999, Regulation 1015 has been amended by Ontario Regulations 3/00, 108/00, 133/00, 222/00, 342/00 and 468/00. Previous amendments are listed in the Table of Regulations published in *The Ontario Gazette* dated January 22, 2000.

1. The definition of "Pricing Supplement" in subsection 1 (1) of Schedule 1 to Regulation 1015 of the Revised Regulations of Ontario, 1990 is amended by striking out "National Policy Statement No. 44" and substituting "National Instrument 44-103 *Post-Receipt Pricing*".
2. This Regulation comes into force on the day that the rule made by the Ontario Securities Commission on September 12, 2000 entitled "National Instrument 44-103 *Post-Receipt Pricing*" comes into force.

Ontario Securities Commission:

"J.A. Geller"
Vice-Chair

"Stephen N. Adams"
Commissioner

Dated September 12th, 2000.

Note: The rule made by the Ontario Securities Commission on September 12, 2000 entitled "National Instrument 44-103 *Post-Receipt Pricing*" comes into force on December 31, 2000.

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

The Art Vault International Limited
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated December 13th, 2000
Mutual Reliance Review System Receipt dated December 14th, 2000

Offering Price and Description:

\$3,000,000 to \$5,000,000 - * Units and \$510,870 (638,588 Special Units) issuable upon the exercise of 638,588 Special Warrants

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

Research Capital Corporation

Promoter(s):

Paul Godin
Project #320191

Issuer Name:

DRC Resources Corporation
Principal Regulator - British Columbia

Type and Date:

Preliminary Prospectus dated December 4th, 2000
Mutual Reliance Review System Receipt dated December 14th, 2000

Offering Price and Description:

\$5,000,000 - 1,250,000 Special Warrants ("Units") (750,000 Units each consisting of one Common Share and One Warrant and 500,000 Units each consisting of one Flow-Through Common Share and One Warrant)

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

Thomson Kernaghan & Co. Limited

Promoter(s):

N/A
Project #319318

Issuer Name:

H30 Holding Corp.
Principal Regulator - Manitoba

Type and Date:

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

Offering Price and Description:

\$USD\$800,000 to USD\$1,000,000 - 1,600,000 to 2,000,000 Common Shares

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

Wellington West Capital Inc.

Promoter(s):

Jamison R. Humphrey
Gary Walker
Douglas T. Ramsden
Matthew Stanley
Project #321605

Issuer Name:

The Jean Coutu Group (PJC) Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated December 18th, 2000
Mutual Reliance Review System Receipt dated December 18th, 2000

Offering Price and Description:

\$146,250,000 - 6,500,000 Class "A" Subordinate Voting Shares

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

National Bank Financial Inc.
Merrill Lynch Canada Inc.
Scotia Capital Inc.
BMO Nesbit Burns Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Desjardins Securities Inc.

Promoter(s):

N/A
Project #320969

Issuer Name:

Multiple Opportunities Fund
Special Opportunities Fund Ltd.
Principal Regulator - British Columbia

Type and Date:

Preliminary Simplified Prospectus dated December 7th, 2000
Mutual Reliance Review System Receipt dated December 12th, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

Canaccord Capital Corporation

Promoter(s):

MOF Management Ltd.
Project #319875

Issuer Name:

Pro-AMS Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated December 18th, 2000
Mutual Reliance Review System Receipt dated December 19th, 2000

Offering Price and Description:

\$ * - (Maximum) - * \$25.00 per Unit

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

RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
Scotia Capital Inc.
TD Securities Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Goepel McDermid Inc.
Yorkton Securities Inc.

Promoter(s):

Mulvihill Capital Management Inc.
Project #321223

Issuer Name:

YEARS Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated December 15th, 2000
Mutual Reliance Review System Receipt dated December 15th, 2000

Offering Price and Description:

\$ * (Maximum) - * \$25.00 per Unit

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

CIBC World Markets Inc.
Merrill Lynch Canada Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
HSHB Securities (Canada) Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Goepel McDermid Inc.
Trilon Securities Corporation
Yorkton Securities Inc.

Promoter(s):

Highstreet Asset Management Inc.
Project #320565

Issuer Name:

Québec-Téléphone
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Shelf Prospectus dated December 14th, 2000
Mutual Reliance Review System Receipt dated December 18th, 2000

Offering Price and Description:

\$125,000,000 - Medium Term Notes (unsecured)

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

National Bank Financial Inc.
RBC Dominion Securities Inc.

Promoter(s):

N/A
Project #320809

Issuer Name:

Royal Bank of Canada
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Shelf Prospectus dated December 18th, 2000
Mutual Reliance Review System Receipt dated December 19th, 2000

Offering Price and Description:

Cash-Settled Warrants and PARTS linked to the price, value or level of Indices, Equities, Debt Instruments, Commodities or Foreign Exchange Rates Issuable in Series

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

RBC Dominion Securities Inc.

Promoter(s):

N/A
Project #321245

Issuer Name:

Fidelity Canadian Aggressive Fund
Fidelity Canadian Growth Company Fund
Fidelity Canadian Large Cap Fund
Fidelity Disciplined Equity Fund
Fidelity True North Fund
Fidelity American Opportunities Fund
Fidelity RSP American Opportunities Fund
Fidelity Growth America Fund
Fidelity RSP Growth America Fund
Fidelity Small Cap America Fund
Fidelity Emerging Markets Portfolio Fund
Fidelity European Growth Fund
Fidelity RSP European Growth Fund
Fidelity Far East Fund
Fidelity RSP Far East Fund
Fidelity International Portfolio Fund
Fidelity RSP International Portfolio Fund
Fidelity Japanese Growth Fund
Fidelity RSP Japanese Growth Fund
Fidelity Latin American Growth Fund
Fidelity Overseas Fund
Fidelity RSP Overseas Fund
Fidelity Focus Consumer Industries Fund
Fidelity Focus Financial Services Fund
Fidelity RSP Focus Financial Services Fund
Fidelity Focus Health Care Fund
Fidelity RSP Focus Health Care Fund
Fidelity Focus Natural Resources Fund
Fidelity Focus Technology Fund
Fidelity RSP Focus Technology Fund
Fidelity Focus Telecommunications Fund
Fidelity RSP Focus Telecommunications Fund
Fidelity Canadian Asset Allocation Fund
Fidelity Global Asset Allocation Fund
Fidelity RSP Global Asset Allocation Fund
Fidelity Canadian Balanced Fund
Fidelity Canadian Bond Fund
Fidelity Canadian Short Term Bond Fund
Fidelity American High Yield Fund
(Series A, F and O Units)
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated December 13th, 2000 to Simplified Prospectus and Annual Information Form dated September 29th, 2000

Mutual Reliance Review System Receipt dated 20th day of December 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

N/A

Promoter(s):

N/A

Project #285395

Issuer Name:

AC Energy Inc.
Principal Regulator - Alberta

Type and Date:

Final Prospectus dated December 15th, 2000
Mutual Reliance Review System Receipt dated 15th day of December, 2000

Offering Price and Description:

\$1,000,000.00 (Maximum); \$250,000.00 (Minimum) - Flow-Through Shares

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

Yorkton Securities Inc.

Promoter(s):

Timothy Kemp

Alain LeBis

Project #315407

Issuer Name:

Aquiline Resources Inc.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated December 15th, 2000
Mutual Reliance Review System Receipt dated 19th day of December, 2000

Offering Price and Description:

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

First Delta Securities Inc.

Promoter(s):

N/A

Project #300380

Issuer Name:

Battery Technologies Inc.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated December 8th, 2000
Mutual Reliance Review System Receipt dated 12th day of December, 2000

Offering Price and Description:

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

Groome Capital.com Inc

Promoter(s):

N/A

Project #300871

Issuer Name:

BRANCHEZ-VOUS! inc.
Principal Regulator - Quebec

Type and Date:

Final Prospectus dated December 14th, 2000
Mutual Reliance Review System Receipt dated 18th day of December, 2000

Offering Price and Description:

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

Dundee Securities Corporation

Promoter(s):

N/A

Project #278252

Issuer Name:

BrandEra.com Inc.

Type and Date:

Final Prospectus dated December 14th, 2000

Received 15th day of December, 2000

Offering Price and Description:

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

Yorkton Securities Inc.

Promoter(s):

N/A

Project #314255

Issuer Name:

Champion Bear Resources Ltd.

Principal Regulator - Alberta

Type and Date:

Final Prospectus dated December 12th, 2000

Mutual Reliance Review System Receipt dated 12th day of December, 2000

Offering Price and Description:

\$4,000,000 - Units (Each Unit consisting of one Common Share and one-half of one Warrant)

and Flow-Through Common Shares and 625,000 Flow-Through Common Shares and 375,000 Common Shares Issuable on the Exercise of Special Warrants

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

Jennings Capital Inc.

Promoter(s):

Richard D. Kantor

Project #307795

Issuer Name:

Q-Media Services Corporation

Principal Regulator - British Columbia

Type and Date:

Final Prospectus dated December 8th, 2000

Mutual Reliance Review System Receipt dated 12th day of December, 2000

Offering Price and Description:

US\$5,000,000.00 - 2,078,292 Common Shares issuable upon the exercise of Special Warrants

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

N/A

Promoter(s):

N/A

Project #308547

Issuer Name:

Western Oil Sands Inc.

Principal Regulator - Regulator - Alberta

Type and Date:

Final Prospectus dated December 13th, 2000

Mutual Reliance Review System Receipt dated 14th day of December, 2000

Offering Price and Description:

\$60,000,000.00 - 4,000,000 Common Shares

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

Griffiths McBurney & Partners

Goepel McDermid Inc.

Promoter(s):

Guy J. Turcotte

Timohty R. Winterer

John Frangos

Allen P. Barber

Project #306182

Issuer Name:

Wysdom Inc.

Principal Regulator - Ontario

Type and Date:

Final Prospectus dated December 15th, 2000

Mutual Reliance Review System Receipt dated 20th day of December, 2000

Offering Price and Description:

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

CIBC World Markets Inc.

Sprott Securities Inc.

Griffiths McBurney & Partners

Promoter(s):

N/A

Project #309221

Issuer Name:

Triax Growth Fund Inc.

Principal Regulator - Ontario

Type and Date:

Prospectus dated December 14th, 2000

Mutual Reliance Review System Receipt dated 20th day of December, 2000

Offering Price and Description:

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

N/A

Promoter(s):

Triax Capital Management Inc.

TCU Sponsor Inc.

Project #310718

Issuer Name:

COM DEV International Ltd.
Principal Regulator - Ontario

Type and Date:

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

Offering Price and Description:

Cdn.\$33,111,750.00 - 2,703,000 Common Shares Issuable
Upon the Exercise of Previously issued Special Warrants

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

Sprott Securities Inc.
Canaccord Capital Corporation
CIBC World Markets Inc.
NewCrest Capital Inc.

Promoter(s):

N/A

Project #319245

Issuer Name:

WestJet Airlines Ltd.
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated December 15th, 2000
Mutual Reliance Review System Receipt dated 15th day of
December, 2000

Offering Price and Description:

\$49,500,000.00 - 2,200,000 Common Shares

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

CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.

Promoter(s):

N/A

Project #318848

Issuer Name:

Futures Index Fund
3XL Futures Index Fund
Managed Futures Fund
(Class O, I, and P Units)
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated December 14th, 2000
Mutual Reliance Review System Receipt dated 14th day of
December, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

N/A

Promoter(s):

N/A

Project #259256

Issuer Name:

GGOF Alexandria American Growth Fund
GGOF Alexandria Canadian Growth Fund
GGOF Alexandria Global Growth Fund
GGOF Alexandria RSP Global Growth Fund
GGOF Centurion American Value Ltd.
GGOF Centurion Canadian Value Fund
GGOF Centurion Global Value Fund
GGOF Centurion RSP American Value Fund
GGOF Guardian Canadian Bond Fund
GGOF Guardian Monthly High Income Fund
GGOF Guardian RSP International Income Fund
(F Class Units)

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated December 19th, 2000
Mutual Reliance Review System Receipt dated 20th day of
December, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

Guardian Group of Funds Ltd.

Promoter(s):

Guardian Group of Funds Ltd.

Project #308041

Issuer Name:

Georgian Global Financial Services Fund
Georgian Global 24 Fund
Georgian Northern 24 Fund
Georgian Bond Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated December 13th, 2000
Mutual Reliance Review System Receipt dated 15th day of
December, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

Registered Dealers

Promoter(s):

N/A

Project #304942

Issuer Name:

Scotia T-Bill Fund
Scotia Premium T-Bill Fund
Scotia Money Market Fund
Scotia CanAm U.S. \$ Money Market Fund (Class A units only)
Scotia Canadian Bond Index Fund
Scotia Mortgage Income Fund
Scotia Canadian Short-Term Income Fund
Scotia Canadian Income Fund
Scotia CanAm U.S. \$ Income Fund
Scotia CanGlobal Income Fund
Scotia Global Income Fund
Scotia Canadian Balanced Fund
Scotia Total Return Fund
Scotia Canadian Stock Index Fund
Scotia Canadian Dividend Fund
Scotia Canadian Blue Chip Fund
Scotia Canadian Growth Fund
Scotia Canadian Mid-Large Cap Fund
Scotia Canadian Small Cap Fund
Scotia Precious Metals Fund
Scotia American Stock Index Fund
Scotia American Growth Fund
Scotia CanAm Stock Index Fund
Scotia Nasdaq Index Fund (Class A and class F units)
Scotia Young Investors Fund (Class A units only)
Scotia International Stock Index Fund
Scotia International Growth Fund
Scotia European Growth Fund
Scotia Pacific Rim Growth Fund
Scotia Latin American Growth Fund
Scotia Emerging Markets Fund
Capital U.S. Large Companies Fund
Capital U.S. Large Companies RSP Fund
Capital U.S. Small Companies Fund
Capital U.S. Small Companies RSP Fund
Capital International Large Companies Fund
Capital International Large Companies RSP Fund
Capital Global Discovery Fund
Capital Global Discovery RSP Fund
Capital Global Small Companies Fund
Capital Global Small Companies RSP Fund (Class A and class F units)
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form dated November 30th, 2000
Mutual Reliance Review System Receipt dated 13th day of December, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Registered Dealers
Promoter(s):

Project #304456

Issuer Name:

Scotia Money Market Fund
Scotia CanAm U.S. \$ Money Market Fund
Scotia Canadian Income Fund
Scotia Global Income Fund
Scotia Canadian Balanced Fund
Scotia Canadian Dividend Fund
Scotia Canadian Blue Chip Fund
Scotia American Growth Fund
Scotia European Growth Fund
Scotia Pacific Rim Growth Fund
Scotia Emerging Markets Fund
(Scotia Private Client Units)
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form dated November 30th, 2000
Mutual Reliance Review System Receipt dated 14th day of December, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Scotia Securities Inc.
Promoter(s):
Scotia Securities Inc.
Project #305347

Issuer Name:

Trimark RSP Fund
(Series SC Units)
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form dated December 8th, 2000
Mutual Reliance Review System Receipt dated 15th day of December, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
AIM Funds Management Inc.
Promoter(s):
AIM Funds Management Inc.
Project #309057

Issuer Name:

Itamineraque Resources Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Prospectus dated November 9th, 2000
Withdrawn 11th day of December, 2000

Offering Price and Description:

Underwriter(s), Agent(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
N/A
Project #309517

Chapter 12

Registrations

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Chapter 13

SRO Notices and Disciplinary Proceedings

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