

The Ontario Securities Commission

OSC Bulletin

February 9, 2001

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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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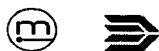


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Chapter 1

Notices / News Releases

1.1 Notices

SCHEDULED OSC HEARINGS

1.1.1 Current Proceedings Before The Ontario Securities Commission

February 9, 2001

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

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

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

Telephone: 416- 597-0681

Telecopiers: 416-593-8348

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THE COMMISSIONERS

David A. Brown, Q.C., Chair	—	DAB
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 **Mark Bonham and Bonham & Co. Inc.**
s. 127

Mr. A. Graburn in attendance for staff.

Panel: TBA

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

Jan 31/2001 **Frank Russell Canada Ltd.**

s. 111 (2)

Mr. Tim Moseley in attendance for staff.

Panel: JAGIKDA

Jan 23, 25
& 26/2001 **YBM Magnex International et al.**

s. 127

Mr. M. Code and Ms. K. Daniels in attendance for staff.

Panel: HIW/DB/RWD

Feb 5 -16/
2001
10:00 a.m. **Noram Capital Management, Inc. and
Andrew Willman**

s. 127

Ms. K. Wootton in attendance for staff.

Panel: TBA

ADJOURNED SINE DIE

Mar 19/2001 Wayne Umetsu

s. 60 of the Commodity Futures Act

Ms. K. Wootton in attendance for staff.

Panel: TBA

Apr 16/2001- Philip Services Corp., Allen Fracassi,
Apr 30/2001 Philip Fracassi, Marvin Boughton,
10:00 a.m. 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- YBM Magnex International Inc., Harry W.
May 18/2001 Antes, Jacob G. Bogatin, Kenneth E.
10:00 a.m. 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

Terry G. Dodsley

Offshore Marketing Alliance and Warren
English

First Federal Capital (Canada)
Corporation and Monter Morris Friesner

Southwest Securities

Global Privacy Management Trust and
Robert Cranston

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
Jan 29/2001 - Jun 22/2001	John Bernard Felderhof Mssrs. J. Naster and I. Smith for staff. Courtroom TBA, Provincial Offences Court Old City Hall, Toronto
Jan 25/2000 10:00 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 Amendment of the Assignment of Certain Powers and Duties of the OSC

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

AND

**IN THE MATTER OF
THE ASSIGNMENT OF CERTAIN POWERS AND DUTIES
OF THE ONTARIO SECURITIES COMMISSION**

**Amendment of Assignment
(Subsection 6(3))**

WHEREAS on April 12, 1999, pursuant to subsection 6(3) of the Act, the Ontario Securities Commission (the "**Commission**") made an assignment (the "**April Assignment**") assigning certain of its powers and duties under the Act to each "Director" as that term is defined in subsection 1(1) of the Act, acting individually;

AND WHEREAS by amendments of assignment made on September 7, 1999 and February 15, 2000, pursuant to subsection 6(3) of the Act, the Commission amended the April Assignment (the April Assignment as so amended being referred to as the "**Assignment**");

AND WHEREAS National Instrument 44-101 Short Form Prospectus Distributions (the "**Short Form Rule**") came into effect on December 31, 2000;

AND WHEREAS the Commission now considers it desirable to make an additional assignment of certain powers and duties in order to facilitate the operation of the Short Form Rule;

NOW THEREFORE the Assignment is amended by adding, immediately following subparagraph (r) of paragraph 2 thereof, the following:

- "(s) section 147 of the Act, but only for the purposes of granting exemptions from:
- (i) subsection 65(1) of the Act, as it applies to the granting of receipts for preliminary short form prospectuses and short form prospectuses filed in accordance with the provisions of the National Instrument 44-101 Short Form Prospectus Distributions; and
 - (ii) subsection 79 of the Act, as it applies to the filing of financial statements by an issuer earlier than 140 days from the end of its last financial year because it is required to do so by National Instrument 44-101 Short Form Prospectus Distributions."

January 23, 2001.

"Howard I. Wetston"

"Theresa McLeod"

1.1.3 Notice re. Correction: Decisions, Orders and Rulings: McRae J., Somers J., Molloy J.

The title "McRae J., Somers J., Molloy J." should read "Terrence D. Coughlan" in OSC Bulletin, Volume 24, Issue 02, dated January 12, 2001. The appellant (respondent) is **Mr. Terrence D. Coughlan** in the proceedings before McRae, Somers, Molloy, JJ., the Superior Court of Justice (Divisional Court).

February 5, 2001.

1.1.4 Rule 44-801 - Implementing NI 44-101

**ONTARIO SECURITIES COMMISSION RULE 44-801
IMPLEMENTING NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS**

On February 6, 2001, the Commission approved Ontario Securities Commission Rule 44-801 Implementing National Instrument 44-101 Short Form Prospectus Distributions (the "Rule"). The Rule was most recently published for comment on December 17, 1999 at (1999) 22 OSCB (POP Supp 2) 129.

The Rule was sent to the Minister on February 9, 2001. The Rule is being published in Chapter 5 of the Bulletin.

1.2 News Releases

1.2.1 Frank Russell Canada Ltd.

FOR IMMEDIATE RELEASE
February 1, 2001

**OSC HAS ADJOURNED HEARING
CONCERNING APPLICATION BY
FRANK RUSSELL CANADA LIMITED**

Toronto - On January 31, 2001 the Ontario Securities Commission commenced a hearing to consider an application by Frank Russell Canada Limited regarding the applicability of clause 111(2)(a) of the *Securities Act* (Ontario). Specifically, Frank Russell Canada Limited is seeking a determination from the Commission that mutual funds managed by it are entitled to continue to hold securities of Royal Bank of Canada and Toronto-Dominion Bank, even though the manager of those funds has a distribution contract with subsidiaries of those banks. In December 2000, Frank Russell Canada Limited undertook to the Commission that mutual funds managed by it would divest their holdings in securities of Royal Bank of Canada and Toronto-Dominion Bank on or before January 31, 2001.

The Commission completed a full day of the hearing. The Commission advised that it would render a decision in the near future, and that the deadline for Frank Russell Canada Limited to comply with its undertaking has been extended pending further order.

Frank Russell Canada Limited's application is available to the public from the OSC mail room, 20 Queen Street West, 19th Floor.

Reference:

Rowena McDougall
Senior Communications Officer
(416) 593-8117

1.2.2 Noram Capital Management Inc. & Andrew Willman

FOR IMMEDIATE RELEASE
February 2, 2001

**OSC TO CONSIDER SETTLEMENT OF ALLEGATIONS
AGAINST NORAM CAPITAL MANAGEMENT INC.
AND ANDREW WILLMAN**

Toronto - On July 10, 2000, the Ontario Securities Commission issued a notice of hearing and statement of allegations against Noram Capital Management Inc. and Andrew Willman. Noram is an investment counsel and portfolio manager, whose registration with the Commission is currently under suspension. Mr. Willman is the president and a director of Noram.

In the proceeding, Mr. Willman and Noram are alleged to have contravened the Ontario *Securities Act* by failing to deal fairly, honestly and in good faith with clients of Noram, over more than a seven year period. The conduct alleged includes making unsuitable investments, failing to adequately disclose the risks associated with certain investments, including leveraged investments, making misleading statements to clients regarding investments, making misleading and inaccurate representations in advertising and promotional materials, engaging in personal trading and principal trading and self-dealing. In addition, it is alleged that Noram breached an Order of the Commission dated September 29, 1999, which suspended its registration effective October 7, 1999, by failing to provide the Commission with certain financial reporting documentation. According to the Statement of Allegations, Mr. Willman, as Noram's Supervisory Procedures Officer, is responsible for ensuring that Noram fulfills its obligations as a registered advisor under Ontario securities law.

The hearing in this matter was originally scheduled to begin on February 5, 2001. The hearing has been adjourned to February 9, at which time the Commission will consider a settlement entered into among Mr. Willman, Noram and Staff of the Commission. Terms of the settlement will be disclosed if and when the Commission approves the settlement agreement. The hearing will begin at 10am in the Large Hearing Room, 17th Floor, 20 Queen Street West, Toronto.

Reference:

Michael Watson
Director of Enforcement
(416) 593-8156

Rowena McDougall
Senior Communications Officer
(416) 593-8117

1.2.3 OSC Chair Praises Ernie Eves

FOR IMMEDIATE RELEASE
February 2, 2001

**OSC CHAIR PRAISES ERNIE EVES FOR
STRENGTHENING ONTARIO'S ECONOMY**

Toronto - The Chair of the Ontario Securities Commission (OSC), David Brown, today praised out-going Finance Minister Ernie Eves for his contribution to strengthening Ontario's economy.

"Ernie Eves' stewardship of the financial services industry has been a significant factor in the on-going strength of Ontario's economy," Mr. Brown said.

Mr. Brown noted the Minister's lead role in turning the OSC into a self-funded, independent Crown Corporation, which gave the OSC the resources to fulfill its mandate.

"Mr. Eves has played a major role in providing protection to investors and promoting confidence in Ontario's capital markets," Mr. Brown said, adding that he has been pleased to work closely with the Minister on a number of initiatives, including the proposed merger of the OSC and the Financial Services Commission of Ontario.

"The Minister's proposal demonstrates the leadership he has shown to ensure that Ontario's financial services marketplace continues to meet the needs of both consumers and industry members," he added.

Reference:

Frank Switzer
Director of Communications
416-593-8120

1.2.4 Arnold Guettler, Neo-Form Corp. & Neo-Form North America Corp.

FOR IMMEDIATE RELEASE
February 6, 2001

**ONTARIO COURT OF JUSTICE CONVICTS ARNOLD
GUETTLER, NEO-FORM CORPORATION
AND NEO-FORM NORTH AMERICA
CORP. OF SECURITIES OFFENCES**

Toronto - On February 5, 2001, the Honourable Mr. Justice Babe of the Ontario Court of Justice found Arnold Guettler, Neo-Form Corporation and Neo-Form North America Corp. guilty of: (1) trading in securities, namely shares and promissory notes issued by the Defendants, without being registered to trade in such securities contrary to section 25(1) of the Securities Act; (2) trading in such securities without having filed a prospectus contrary to section 53(1) of the Securities Act; and (3) making representations that the shares of Neo-Form Corporation and Neo-Form North America Corp. would be listed on a stock exchange with the intention of effecting trades in such securities contrary to section 38(3) of the Securities Act. The Defendants were found not guilty of giving undertakings as to the future value of the shares of Neo-Form Corporation and Neo-Form North America Corp. to potential investors with the intention of effecting trades in such securities contrary to section 38(2) of the Securities Act.

Between October 15, 1994 and January 10, 1997, the Defendants raised in excess of \$2 million dollars from the sale of shares and promissory notes to approximately 140 investors.

The sentencing hearing for the Defendants before the Honourable Mr. Justice Babe is scheduled for 10:00 a.m. on April 17, 2001 at Old City Hall, 60 Queen Street West, Toronto.

Reference:

Rowena McDougall
Senior Communications Officer
(416) 593-8117

Michael Watson
Director of Enforcement
(416) 593-8156

1.2.5 Frank Russell Canada Limited

FOR IMMEDIATE RELEASE
February 7, 2001

OSC RELEASES DECISION ON APPLICATION BY FRANK RUSSELL CANADA LIMITED

Toronto - The Ontario Securities Commission today released its Decision on application by Frank Russell Canada Ltd. regarding the applicability of clause 111(2)(a) of the *Securities Act* (Ontario).

A copy of the Decision is attached and is available from the Commission's website at www.osc.gov.on.ca.

Reference:

Rowena McDougall
Senior Communications Officer
(416) 593-8117

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Jones Heward Investment Counsel & RSP American Fund - MRRS Decision

Headnote

Relief to permit RSP clone fund structure.

Statutes Cited

Securities Act, R.S.O. 1990, c. S5, as amended, ss. 111, 117, 118.

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

AND

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

AND

IN THE MATTER OF
JONES HEWARD INVESTMENT COUNSEL INC.
JONES HEWARD RSP AMERICAN FUND

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland, (the "Jurisdictions") has received an application (the "Application") from Jones Heward Investment Counsel Inc. ("JH"), on behalf of Jones Heward RSP American Fund and other mutual funds managed by JH after the date of this Decision (defined herein) having an investment objective that is linked to the returns or portfolio of another specified mutual fund while remaining 100% eligible for registered plans under the Income Tax Act (Canada) (collectively referred to as the "Top Funds"), for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following provisions in the Legislation (the "Applicable Requirements") shall not apply in respect of certain investments to be made by the Top Funds in applicable corresponding mutual funds from time to time (the funds in which such investments are to be made being collectively referred to as the "Underlying Funds") and in respect of investments to be made by the Top Funds in forward contracts or other specified derivatives with the Bank of Montreal or an affiliate thereof (collectively the "Bank"), as counterparty:

1. the restrictions contained in the Legislation prohibiting a mutual fund from knowingly making or holding an investment in a person or company who is a substantial securityholder of the mutual fund, its management company or distribution company;
2. the restrictions contained in the Legislation prohibiting a mutual fund from knowingly making or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder;
3. the requirements contained in the Legislation prohibiting a portfolio manager or, in British Columbia, the mutual fund, from knowingly causing an investment portfolio managed by it to invest in any issuer in which a "responsible person" (as defined in the Legislation) is an officer or director unless the specific fact is disclosed to the client and, if applicable, the written consent of the client to the investment is obtained before the purchase; and
4. the requirements contained in the Legislation requiring a management company or, in British Columbia, a mutual fund manager, to file a report relating to a purchase or sale of securities between the mutual fund and any related person or company, or any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, the mutual fund is a joint participant with one or more of its related persons or companies.

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 JH to the Decision Makers that:

- (1) JH is a company incorporated under the laws of Ontario. JH is or will be the manager of each of the Top Funds.
- (2) Each of the Top Funds and each of the Underlying Funds is, or will be, an open-end mutual fund trust established under the laws of the Province of Ontario.
- (3) The securities of the Top Funds and the Underlying Funds are, or will be qualified for sale under a simplified prospectus and annual information form filed in all provinces and territories in which they are distributed. A preliminary simplified prospectus for the Jones Heward RSP American Fund has been filed under SEDAR project number 308423.

- (4) The simplified prospectuses will disclose the investment objectives, investment strategies, risks and restrictions of the Top Funds and the Underlying Funds. The investment objectives of the Top Funds will include disclosure of the names of the Underlying Funds and the Top Funds' total aggregate derivative exposure to and direct investment in the Underlying Funds.
- (5) The investment objectives of the Underlying Funds are, or will be, achieved through investment primarily in foreign securities.
- (6) To achieve its investment objective, each of the Top Funds will invest its assets such that its securities will be, in the opinion of tax counsel to the Top Fund, "qualified investments" for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and similar plans (collectively, "Registered Plans") under the Tax Act and will not constitute foreign property in a Registered Plan. This will primarily be achieved by the Top Fund entering into derivative contracts with one or more financial institutions that may be affiliates of JH that provide a return linked to the returns of its corresponding Underlying Fund. However, each Top Fund also intends to invest a portion of its assets directly in securities of its corresponding Underlying Fund. This investment by a Top Fund will at all times be below the maximum foreign property limit prescribed under the Tax Act for Registered Plans (the "Permitted Limit").
- (7) The amount of direct investment by each Top Fund in its applicable Underlying Fund will be adjusted from time to time so that, except for transitional cash (i.e. cash from purchases not yet invested or cash held to satisfy redemptions), the aggregate of derivative exposure to, and direct investment in, the Underlying Fund will equal 100% of the assets of the Top Fund.
- (8) A counterparty may, from time to time, invest directly in securities of an Underlying Fund as a hedge against its obligations under its forward contracts with a Top Fund. A counterparty may have a significant interest in an Underlying Fund due to its hedging activities.
- (9) The Top Funds will enter into forward contracts with one or more financial institutions, including the Bank.
- (10) The Bank indirectly controls JH and at the time of creation of the RSP Fund, an indirect subsidiary of the Bank will own 100% of the issued voting securities of JH.
- (11) Except to the extent evidenced by this Decision and specific approvals granted by the Canadian securities administrators pursuant to National Instrument 81-102 Mutual Funds ("NI 81-102"), the investments by the Top Funds in the Underlying Funds have been, or will be, structured to comply with the investment restrictions of the Legislation and NI 81-102.
- (12) In the absence of this Decision, pursuant to the Legislation, the Top Funds are prohibited from: (a) knowingly making or holding an investment in any person or company who is a substantial securityholder of the mutual fund, its management company or distribution company; (b) knowingly making or holding an investment in the Underlying Fund if the Top Fund, alone or together with one or more related mutual funds, is a substantial security holder of the Underlying Fund; and (c) knowingly causing a Top Fund to invest in an issuer in which a "responsible person" (as that term is defined in the legislation) is a director or officer. As a result, in the absence of this Decision, the Top Funds would be required to divest themselves of any such investments.
- (13) In the absence of this Decision, pursuant to the Legislation, each of the Top Funds is prohibited from investing in forward contracts or other specified derivatives in which the Bank is the counterparty.
- (14) In the absence of this Decision, the Legislation requires JH to file a report in respect of every purchase or sale of securities made by the Top Funds in the Underlying Funds or in forward contracts issued by the Bank.
- (15) The Top Funds' investment in or redemption of units of their corresponding Underlying Funds or investment in forward contracts issued by the Bank will represent the business judgment of responsible persons, uninfluenced by considerations other than the best interest of the Top Funds.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicable Requirements shall not apply so as to prevent a Top Fund from making or holding an investment in securities of an Underlying Fund, or require the filing of a report relating to the purchase or sale of such securities,

PROVIDED IN EACH CASE THAT:

1. the Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with the matters in section 2.5 of NI 81-102; and
2. the Decision shall only apply if, at the time a Top Fund makes or holds an investment in an Underlying Fund, the following conditions are satisfied:
 - a. the securities of both the Top Fund and the Underlying Fund are being offered for sale in the jurisdiction of the Decision Maker pursuant to a simplified prospectus and annual information form which has been filed with and accepted by the Decision Maker;

- b. the investment by the Top Fund in the Underlying Fund is compatible with the fundamental investment objectives of the Top Fund;
- c. the investment objective of the Top Fund discloses that the Top Fund invests directly and indirectly (through derivative exposure) in the Underlying Fund and the name of the Underlying Fund;
- d. the Underlying Fund is not a mutual fund whose investment objective includes investing directly or indirectly in other mutual funds;
- e. the Top Fund restricts its direct investment in the Underlying Fund to a percentage of its assets that is within the Permitted Limit;
- f. there are compatible dates for the calculation of the net asset value of the Top Fund and the Underlying Fund for the purpose of the issue and redemption of securities of such mutual funds;
- g. no sales charges are payable by the Top Fund in relation to its purchases of securities of the Underlying Fund;
- h. no redemption fees or other charges are charged by the Underlying Fund in respect of the redemption by the Top Fund of securities of the Underlying Fund owned by the Top Fund;
- i. no fees and charges of any sort are paid by the Top Fund and the Underlying Fund, by their respective managers or principal distributors, or by any affiliate or associate of any of the foregoing entities to anyone in respect of the Top Fund's purchase, holding or redemption of the securities of the Underlying Fund;
- j. the arrangements between or in respect of the Top Fund and the Underlying Fund are such as to avoid the duplication of management fees;
- k. any notice provided to securityholders of the Underlying Fund, as required by applicable laws or the constating documents of the Underlying Fund, has been delivered by the Top Fund to its securityholders along with all voting rights attached to the securities of the Underlying Fund which are directly owned by the Top Fund;
- l. all of the disclosure and notice material prepared in connection with a meeting of securityholders of the Underlying Fund and received by the Top Fund has been provided to its securityholders, the securityholders have been permitted to direct a representative of the Top Fund to vote its holdings in the Underlying Fund in accordance with their direction, and the representative of the Top Fund has not voted its holdings in the Underlying Funds except to the extent the securityholders of the Top Fund have directed;
- m. in addition to receiving the annual and, upon request, the semi-annual financial statements of the Top Fund, securityholders of the Top Fund have received the annual and, upon request, the semi-annual financial statements, of the Underlying Fund in either a combined report, containing financial statements of the Top Fund and the Underlying Fund, or in a separate report containing the financial statements of the Underlying Fund; and
- n. to the extent that the Top Fund and the Underlying Fund do not use a combined simplified prospectus and annual information form containing disclosure about the Top Fund and the Underlying Fund, copies of the simplified prospectus and annual information form of the Underlying Fund have been provided upon request to securityholders of the Top Fund and this right is disclosed in the simplified prospectus of the Top Fund.

AND THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicable Requirements shall not apply so as to prevent a Top Fund from entering into forward contracts with the Bank,

PROVIDED THAT IN EACH CASE THAT:

1. the Decision shall only apply if, at the time a Top Fund enters into a forward contract with the Bank, the following conditions are satisfied:
 - a. an independent auditor (the "Contract Auditor"), engaged for this purpose by JH, has reviewed and assessed the pricing and terms of the forward contract offered by the Bank to the Top Fund against the pricing and terms offered by the Bank for similar forward contracts to other fund groups offering RSP clone funds that are similar in size (the "Arm's Length Contracts");
 - b. the Contract Auditor has provided JH with its opinion which concludes that the pricing and terms of the forward contract offered by the Bank to the Top Fund is at least as favourable as the pricing and terms of such Arm's Length Contracts;
 - c. JH's board of directors has approved the forward contract offered by the Bank;
 - d. the Contract Auditor has reconsidered and reassessed the forward contracts offered by the Bank to the Top Fund whenever the Prospectus is renewed and whenever it is proposed to amend the pricing and terms of the forward contract offered by the Bank to the Top Fund;
 - e. the Prospectus identifies the Bank as the counterparty to the forward contract offered by the Bank to the Top Fund and discloses the relationship that exists between JH, the Bank and the Top Fund; and

- f. the Prospectus describes the Contract Auditor's role of assessing and reassessing the forward contract offered by the Bank for the purpose of ensuring that the pricing and terms thereof is, and remains, at least as favourable as Arm's Length Contracts.

January 24, 2001.

"J.A. Geller"

"R. Stephen Paddon"

2.1.2 Bellator Exploration Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Corporation deemed to have ceased to be a reporting issuer after all of its 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
BRITISH COLUMBIA, ALBERTA,
AND ONTARIO

AND

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

AND

IN THE MATTER OF
BELLATOR EXPLORATION INC.

MRRS DECISION DOCUMENT

1. **WHEREAS** the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Alberta, British Columbia, and Ontario (the "Jurisdictions") have received an application from Bellator Exploration Inc. ("Bellator") for a decision pursuant to the securities legislation of each of the Jurisdictions (the "Legislation") declaring that Bellator is deemed to have ceased to be a reporting issuer or equivalent thereof under the Legislation;
2. **AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;
3. **AND WHEREAS** Bellator has represented to the Decision Makers that:
 - 3.1 Bellator is a corporation continued under the *Business Corporations Act* (Alberta) and is a reporting issuer, or its equivalent in each of the Jurisdictions, and is not in default in any of the requirements of the Legislation other than a failure to file in Ontario its Annual Information Filing for the period ended December 31, 1999 due on or about May 19, 2000 and failure to file in each of the Jurisdictions its interim financial statements for the period ended June 30, 2000 due on or about August 28, 2000, and ;
 - 3.2 Bellator's principal office is located in Calgary, Alberta;

- 3.3 Bellator's authorized capital consists of an unlimited number of common shares (the "Common Shares"), 53,244,161 of which were issued and outstanding as of May 31, 2000 and an unlimited number of preferred shares (the "Preferred Shares"), none of which are issued and outstanding;
- 3.4 pursuant to a take-over bid and subsequent compulsory acquisition, Baytex Energy Ltd. acquired all of the issued and outstanding Common Shares of Bellator as of May 31, 2000;
- 3.5 Bellator's Common Shares were delisted from the TSE following the close of trading on May 31, 2000, and are not quoted or listed on any other market or exchange in Canada; and
- 3.6 Bellator has no securities, including debt securities, outstanding other than its Common Shares, and does not currently intend to seek public financing by way of an issue of securities;
4. **AND WHEREAS** pursuant to 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 Bellator is deemed to have ceased to be a reporting issuer, or the equivalent thereof under the Legislation effective as of the date of this Decision.

DATED at Calgary, Alberta this 5th day of December, 2000.

Patricia M. Johnston
Director, Legal Services & Policy Development

2.1.3 Ketch Exploration Ltd.- MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - corporation deemed to have ceased to be a reporting issuer following acquisition of all of its outstanding common shares by another corporation under a takeover bid and subsequent compulsory acquisition.

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, SASKATCHEWAN AND ONTARIO**

AND

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

AND

**IN THE MATTER OF
KETCH EXPLORATION LTD.**

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Alberta, Saskatchewan and Ontario (the "Jurisdictions") has received an application from Ketch Exploration Ltd. ("Ketch") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Ketch be deemed to have ceased to be a reporting issuer under the Legislation;
2. **AND WHEREAS** under 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** Ketch has represented to the Decision Makers that:
 - 3.1 Ketch is a corporation originally incorporated under the *Business Corporations Act* (Alberta) (the "ABCA") as 630111 Alberta Inc ("630111");
 - 3.2 on December 18, 1996, 630111 changed its name to Caravan Oil & Gas Ltd. ("Caravan");
 - 3.3 on September 14, 2000, Caravan changed its name to Ketch Exploration Ltd. (previously defined herein as "Ketch");
 - 3.4 Ketch is a reporting issuer in each of the Jurisdictions and is not in default of any requirements of the Legislation save for its failure to file its interim financial statements for

the period ended September 30, 2000, due on November 29, 2000;

- 3.5 Ketch's head office is located in the City of Calgary in the Province of Alberta;
 - 3.6 Ketch is authorized to issue an unlimited number of common shares (the "Ketch Shares") of which 17,577,862 Ketch Shares are issued and outstanding as of the date hereof;
 - 3.7 pursuant to a take-over bid Ketch Energy Ltd. ("KEL") acquired approximately 97% of the outstanding Ketch Shares, and on November 30, 2000 acquired the remaining Ketch Shares not tendered to the take-over bid pursuant to the compulsory acquisition provisions of the ABCA, thereby becoming the sole shareholder of Ketch;
 - 3.8 the Ketch Shares were de-listed from the Canadian Venture Exchange Inc. on December 7, 2000, and no securities of Ketch are listed or quoted on any exchange or market;
 - 3.9 Ketch has no other securities, including debt securities, outstanding other than 658,385 common share purchase warrants (the "Ketch Warrants");
 - 3.10 the Ketch Warrants were issued pursuant to warrant indenture between Caravan and Montreal Trust Company of Canada dated November 5, 1999, as amended by supplemental indenture dated December 16, 1999;
 - 3.11 as a result of KEL acquiring all the issued and outstanding Ketch Shares, each Ketch Warrant, in accordance with its terms, now entitles the holder to acquire 0.59 of a KEL common share at an exercise price of \$1.35; and
 - 3.12 Ketch does not intend to seek public financing by way of an offering of its securities;
4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
 5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the Jurisdiction to make the Decision has been met;
 6. **THE DECISION** of the Decision Makers under the Legislation is that Ketch is deemed to have ceased to be a reporting issuer under the Legislation.

DATED at Calgary, Alberta this 25th day of January, 2001.

Patricia M. Johnston
Director, Legal Services and Policy Development

2.1.4 Solar Trust/fiducie Solar - MRRS Decision

Headnote

Mutual Reliance Review System - issuer of asset-backed securities exempt from the requirement to prepare, file and deliver interim and annual financial statements and annual information circulars or, where applicable, annual reports in lieu of an information circular subject to conditions, including the requirement to prepare, file and deliver monthly and annual reports regarding performance of pools of securities assets.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., 77, 78, 79, 80(b)(iii).

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., s. 5.

Policies Cited

National Policy Statement No. 41.
National Instrument 44-101 Short Form Prospectus Distributions.
National Instrument 44-102 Shelf Distributions.

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

AND

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

AND

**IN THE MATTER OF
SOLAR TRUST/FIDUCIE SOLAR**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Solar Trust/Fiducie Solar (the "Issuer") for a decision pursuant to the securities legislation and policies of the Jurisdictions (collectively, the "Legislation") that the provisions of the Legislation concerning the preparation, filing and delivery of interim and annual financial statements and the annual filing, where applicable, of a report in lieu of an annual information circular by a reporting issuer shall not apply to the offering of the Certificates (as defined below) and such additional certificates as may be set forth in the Schedule attached hereto;

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 Issuer has represented to the Decision Makers as follows:

1. The Issuer is a private, special purpose trust which was organized pursuant to a declaration of trust under the laws of Ontario dated July 5, 2000, the beneficiary of which is a registered charity. The Issuer's trustee is CIBC Mellon Trust Company. The only security holders of the Issuer will be the holders of its asset-backed securities (the "Certificateholders").
2. The Issuer has offered and proposes to offer, from time to time to the public, securities in the form of co-ownership certificates that are primarily serviced by the cash flows of discrete pools of mortgage loans or certain other financial assets (the "Securitized Assets") that by their terms convert into cash within a finite time period, with an approved rating by an approved rating organization, as those terms are defined in National Instrument 44-101 *Short Form Prospectus Distributions* (the "POP System") or in any successor instruments thereto. The Issuer has made and proposes to make such offerings pursuant to the POP System and pursuant to National Instrument 44-102 *Shelf Distributions* with the proceeds of such offerings to be used to finance the purchase of Securitized Assets from originators of such Securitized Assets.
3. The Issuer filed a short form prospectus dated October 24, 2000 with each of the Canadian provincial securities regulatory authorities for the issuance of \$189,550,000 aggregate principal amount of Commercial Mortgage Pass-Through Certificates Series 2000-1 (the "Certificates") and received receipts for such prospectus from each of the Canadian provincial securities regulatory authorities (the "Transaction").
4. As a special purpose trust, the Issuer will not carry on any activities other than purchasing the Securitized Assets and issuing asset-backed securities. The Issuer may from time to time seek to issue additional certificates (the "Additional Certificates") in connection with asset-backed securities transactions, similar to the Transaction, which it may undertake in the future, in which case the Issuer may seek from the Decision Makers a variation of the relief granted hereunder so as to include such Additional Certificates.
5. The Issuer currently has and will have no material assets or liabilities other than its rights and obligations under certain of the material contracts related to the asset-backed securities issued by the Issuer from time to time. The Issuer does not presently carry on any activities except in relation to the Transaction.
6. The Toronto-Dominion Bank ("TD") administers the ongoing operations of the Issuer pursuant to an administration agreement dated July 5, 2000 (the "Administration Agreement") for which TD receives nominal consideration. The Issuer is not required to compensate TD for the fees and expenses paid on the Issuer's behalf thereunder.
7. The Issuer has no directors and no officers.
8. No insider of the Issuer, or associate or affiliate of such insider, has a direct or indirect interest in any transaction which has materially affected or would materially affect the Issuer.
9. The auditors of the Issuer are Ernst & Young, L.L.P.
10. The information contained in the interim and annual financial statements of the Issuer is not and will not be relevant to Certificateholders since such Certificateholders only have an interest in the related Securitized Assets and do not have any interest in or any claim on the assets of the Issuer.
11. Each pooling and servicing agreement or similar agreement (each, a "pooling and servicing agreement") which will govern the rights of the Certificateholders and their entitlement to the Securitized Assets, will provide for the fulfilment of certain administrative functions relating to the asset-backed securities, such as maintaining a register of holders of asset-backed securities and the making of periodic reports to Certificateholders by a custodian and one or more servicers or other agents appointed pursuant to such pooling and servicing agreement. The names of each such servicer and agent are or will be disclosed in the applicable prospectus.
12. The Issuer or its duly appointed representative or agent will provide, on a website identified or to be identified in the relevant prospectus for the asset-backed securities or in correspondence sent to Certificateholders, or otherwise as provided for in the relevant prospectus, no later than the twentieth day of each month (or such subsequent business day as is provided in the pooling and servicing agreement if the twentieth day of the month is not a business day) the financial and other information prescribed therein to be delivered or made available to Certificateholders on a monthly basis, together with such additional information as may be prescribed by the Decision Makers, signed by the Issuer or on its behalf by its duly appointed representative, and will contemporaneously file or cause to be filed reasonably contemporaneously therewith a summary of such information as contained in the distribution date statement on the System for Electronic Document Analysis and Retrieval ("SEDAR").
13. Notwithstanding paragraph 12, the Issuer may amend the contents of the financial and other information filed on SEDAR in order not to disclose the names of individual obligors of Securitized Assets as may be required by confidentiality agreements or other obligations of confidentiality binding on the Issuer.
14. There will be no annual meetings of Certificateholders. Each pooling and servicing agreement provides or will provide that the holders of a certain percentage of the applicable asset-backed securities will have the right to direct the custodian and parties that may perform servicing functions with respect to the relevant Securitized Assets to take certain actions under such pooling and servicing agreement.

15. On not less than an annual basis, the Issuer will request intermediaries to deliver a notice to Certificateholders pursuant to the procedures stipulated by the Rule entitled *In the Matter of Certain Reporting Issuers* [including National Policy Statement No. 41] (1998) 21 OSCB 6437, or any successor instrument thereto, advising Certificateholders that the monthly information prescribed in paragraph 12 and the annual information prescribed in paragraph 17 is available on SEDAR and on a website, the website address, and that Certificateholders may request that paper copies of such reports be provided to them by ordinary mail.
16. On a quarterly basis, the Issuer will publish in a national business newspaper in circulation throughout Canada and in a french language newspaper in Montreal a notice to Certificateholders advising Certificateholders that the monthly information prescribed in paragraph 12 and the annual information prescribed in paragraph 17 is available on a website, the website address, and that Certificateholders may request that paper copies of such reports be provided to them by ordinary mail.
17. Within 140 days of the end of the fiscal year of each pool of Securitized Assets, the Issuer or its duly appointed representative or agent will post on the applicable website or mail to Certificateholders who so request in accordance with the procedures set forth above and will contemporaneously file on SEDAR:
 - (a) cumulative financial and other information as prescribed by the Decision Makers for the last completed fiscal year with respect to the applicable pool of Securitized Assets;
 - (b) discussion and analysis with respect to the applicable pool of Securitized Assets included in the Issuer's Annual Information Form filed with the Decision Makers;
 - (c) an annual statement of compliance signed by a senior officer of each applicable servicer or other party acting in a similar capacity on behalf of the Issuer for the applicable pool of Securitized Assets, certifying that the servicer or such other party acting in a similar capacity has fulfilled all of its obligations under the related pooling and servicing agreement during the year or, if there has been a default in the fulfilment of any such obligation, specifying each such default and the status thereof; and
 - (d) an annual accountant's report in form and content acceptable to the Decision Makers prepared by a firm of independent public or chartered accountants acceptable to the Decision Makers respecting compliance by each applicable servicer or other party acting in a similar capacity on behalf of the Issuer with the Uniform Single Attestation Program (USAP) or such other servicing standard acceptable to the Decision Makers.
18. The Issuer will issue press releases and file material change reports in accordance with the requirements of

the Legislation in respect of material changes in its affairs and in respect of changes in the status (including defaults in payments due to Certificateholders), operation or affairs of the Securitized Assets underlying the Certificates which may reasonably be considered to be material to Certificateholders.

19. Compliance with the continuous disclosure obligations set forth in the Legislation by the Issuer will not, by virtue of the Issuer's restricted business and the nature of the Certificates, provide meaningful information for the Certificateholders. The provision of information to Certificateholders on a monthly and annual basis as described in paragraphs 12 and 17 hereof, as well as the quarterly and annual notices to be given by the Issuer as to the availability of such information given pursuant to terms of paragraphs 15 and 16 hereof will meet the objectives of allowing the Certificateholders to monitor and make informed decisions about their investment and, in the opinion of the Issuer's auditors, financial statements of the Issuer prepared in accordance with Canadian generally accepted accounting principles and audited in accordance with Canadian generally accepted auditing standards would not provide material additional information to Certificateholders.

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

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

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

- (a) the Issuer be and is hereby exempted from the requirements of the Legislation concerning the preparation, filing and delivery of interim and annual financial statements with respect to the Certificates and the Additional Certificates, provided that the Issuer complies with paragraphs 12, 15, 16, 17 and 18 hereof; and
- (b) the Issuer be and is hereby exempted from the requirements of the Legislation concerning the annual filing of an information circular or, where applicable, a report in lieu of an annual information circular, provided that the exemption shall terminate sixty days after the occurrence of a material change in any of the representations of the Issuer contained in paragraphs 5 through 9 inclusive, unless the Issuer satisfies the Decision Makers that the exemption should continue.

February 1, 2001.

"Howard I. Wetston"

"Theresa McLeod"

**SCHEDULE TO THE MRRS DECISION IN THE MATTER
OF SOLAR TRUST/FIDUCIE SOLAR**

ADDITIONAL CERTIFICATES

None.

**2.1.5 AIM Funds Management Inc. et al. - MRRS
Decision**

Headnote

Relief to permit RSP clone fund structure.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 111, 117,
118.

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

AND

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

AND

**IN THE MATTER OF
AIM FUNDS MANAGEMENT INC.
AIM RSP GLOBAL FINANCIAL SERVICES FUND
AIM RSP GLOBAL SECTOR MANAGERS FUND**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from AIM Funds Management Inc. ("AIM" or the "Manager") on behalf of AIM RSP Global Financial Services Fund, AIM RSP Global Sector Managers Fund and other mutual funds managed by AIM after the date of this Decision (defined herein) (collectively referred to as the "Top Funds") having an investment objective or strategy that is linked to the returns or portfolio of another specified mutual fund, for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following provisions in the Legislation (the "Applicable Requirements") shall not apply in connection with certain investments to be made by the Top Funds in applicable corresponding mutual funds from time to time (the funds in which such investments are to be made being collectively referred to as the "Underlying Funds"):

1. the restrictions contained in the Legislation prohibiting a mutual fund from knowingly making or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder;
2. the requirements contained in the Legislation requiring a management company, or in British Columbia, a mutual fund manager, to file a report relating to a purchase or sale of securities between the mutual fund and any related person or company, or any transaction in which, by arrangement other than an arrangement

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

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 AIM to the Decision Makers that:

1. Each of the Top Funds is, or will be, an open-ended mutual fund trust established under the laws of the Province of Ontario.
2. AIM is a corporation amalgamated under the laws of the Province of Ontario and is, or will be, the manager of each of the Top Funds.
3. The securities of the Top Funds and the Underlying Funds are, or will be, qualified for sale under a simplified prospectus and annual information form filed in all provinces and territories in which they are distributed. A preliminary simplified prospectus for the AIM RSP Global Financial Services Fund and AIM RSP Global Sector Managers Fund has been filed under SEDAR project number 308017.
4. The simplified prospectus for each Top Fund will disclose the investment objectives, investment strategies, risks and restrictions of the Top Fund and the investment objectives and strategies of the Underlying Fund. The investment objectives and strategies of each of the Top Funds will disclose the name of the corresponding Underlying Fund and the Top Fund's total aggregate derivative exposure to, and direct investment in the Underlying Fund.
5. The investment objectives of the Underlying Funds are, or will be, achieved through investment primarily in foreign securities.
6. Each Top Fund seeks, or will seek, to achieve its investment objective while ensuring that its units do not constitute "foreign property" under the Income Tax Act (Canada) (the "Tax Act") for registered retirement savings plans, registered retirement income plans, and deferred profit sharing plans ("Registered Plans").
7. To achieve its investment objective each Top Fund invests or will invest its assets such that the securities of the Top Fund will, in the opinion of tax counsel to the Top Fund, be "qualified investments" for Registered Plans and will not constitute foreign property in a Registered Plan. This will primarily be achieved by the Top Funds entering into derivative contracts with one or more financial institutions that link the returns to those of the Underlying Funds. However, each Top Fund also intends to invest a portion of its assets directly in securities of a corresponding Underlying Fund. This investment by a Top Fund will at all times be below the maximum foreign property limit prescribed under the Tax Act for Registered Plans (the "Permitted Limit").
8. The amount of direct investment by each Top Fund in its applicable Underlying Fund will be adjusted from

time to time so that, except for transitional cash, the aggregate of derivative exposure to, and direct investment in, the Underlying Fund will equal 100% of the assets of the Top Fund.

9. Except to the extent evidenced by this Decision and specific approvals granted by the Canadian securities administrators pursuant to National Instrument 81-102 Mutual Funds ("NI 81-102"), the investments by the Top Funds in the Underlying Funds have been, or will be, structured to comply with the investment restrictions of the Legislation and NI 81-102.
10. In the absence of this Decision, pursuant to the Legislation, the Top Funds are prohibited from (a) knowingly making an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder; and (b) knowingly holding an investment referred to in clause (a) hereof. As a result, in the absence of this Decision the Top Funds would be required to divest themselves of any such investments.
11. In the absence of this Decision, the Legislation requires AIM to file a report on every purchase or sale of securities of the Underlying Funds by the Top Funds.
12. The investment by the Top Funds in securities of the Underlying Funds will represent the business judgment of responsible persons, uninfluenced by considerations other than the best interest of the Top Funds.

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 Applicable Requirements do not apply to the Top Funds or the Manager, as the case may be, in respect of investments to be made by the Top Funds in securities of the Underlying Funds.

PROVIDED IN EACH CASE THAT:

1. the Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with the matters in section 2.5 of NI 81-102; and
2. the Decision shall only apply if, at the time a Top Fund makes or holds an investment in an Underlying Fund, the following conditions are satisfied:
 - a. the securities of both the Top Fund and the Underlying Fund are being offered for sale in the jurisdiction of the Decision Maker pursuant to a simplified prospectus and annual information

form which has been filed with and accepted by the Decision Maker;

- b. the investment by the Top Fund in the Underlying Fund is compatible with the fundamental investment objectives of the Top Fund;
- c. the investment objective of the Top Fund discloses that the Top Fund invests directly and indirectly (through derivative exposure) in the Underlying Fund and the name of the Underlying Fund;
- d. the Underlying Fund is not a mutual fund whose investment objective includes investing directly or indirectly in other mutual funds;
- e. the Top Fund restricts its direct investment in the Underlying Fund to a percentage of its assets that is within the Permitted Limit;
- f. there are compatible dates for the calculation of the net asset value of the Top Fund and the Underlying Fund for the purpose of the issue and redemption of securities of such mutual funds;
- g. no sales charges are payable by the Top Fund in relation to its purchases of securities of the Underlying Fund;
- h. no redemption fees or other charges are charged by the Underlying Fund in respect of the redemption by the Top Fund of securities of the Underlying Fund owned by the Top Fund;
- i. no fees and charges of any sort are paid by the Top Fund and the Underlying Fund, by their respective managers or principal distributors, or by any affiliate or associate of any of the foregoing entities to anyone in respect of the Top Fund's purchase, holding or redemption of the securities of the Underlying Fund;
- j. the arrangements between or in respect of the Top Fund and the Underlying Fund are such as to avoid the duplication of management fees;
- k. any notice provided to securityholders of the Underlying Fund, as required by applicable laws or the constating documents of the Underlying Fund, has been delivered by the Top Fund to its securityholders along with all voting rights attached to the securities of the Underlying Fund which are directly owned by the Top Fund.
- l. all of the disclosure and notice material prepared in connection with a meeting of securityholders of the Underlying Fund and received by the Top Fund has been provided to its securityholders, the securityholders have been permitted to direct a representative of the Top Fund to vote its holdings in the Underlying Fund in accordance with their direction, and the representative of the

Top Fund has not voted its holdings in the Underlying Fund except to the extent the securityholders of the Top Fund have directed;

- m. in addition to receiving the annual and, upon request, the semi-annual financial statements of the Top Fund, securityholders of the Top Fund have received the annual and, upon request, the semi-annual financial statements, of the Underlying Fund in either a combined report, containing financial statements of the Top Fund and the Underlying Fund, or in a separate report containing the financial statements of the Underlying Fund; and
- n. to the extent that the Top Fund and the Underlying Fund do not use a combined simplified prospectus and annual information form containing disclosure about the Top Fund and the Underlying Fund, copies of the simplified prospectus and annual information form of the Underlying Fund have been provided upon request to securityholders of the Top Fund and this right is disclosed in the simplified prospectus of the Top Fund.

January 15, 2001.

"J.A. Geller"

"Stephen N. Adams"

2.1.6 Nelvana Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - issuer has only one security holder - issuer deemed to have ceased to be 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
ALBERTA, SASKATCHEWAN, ONTARIO, QUEBEC,
NOVA SCOTIA AND NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF
NELVANA LIMITED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia, and Newfoundland (the "Jurisdictions") has received an application from Nelvana Limited (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 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 governed by the *Business Corporations Act* (Ontario) (the "OBCA") with its registered office located at 32 Atlantic Avenue, Toronto, Ontario, M6K 1X8.
2. The Filer is a reporting issuer in each of the Jurisdictions.
3. The Filer's authorized capital consists of an unlimited number of subordinate voting shares, an unlimited number of preference shares and an unlimited number of non-voting shares. There are no preference shares or non-voting shares issued and outstanding.
4. The subordinate voting shares of the Filer were delisted from The Toronto Stock Exchange on December

4, 2000 and from Nasdaq on November 22, 2000. No securities of the Filer are listed or quoted on any exchange or market.

5. As a result of a take-over bid, Corus Entertainment Inc. and its subsidiary, 1421711 Ontario Inc. acquired 97.5% of the issued and outstanding subordinate voting shares of the Filer on November 13, 2000. The remaining subordinate voting shares of the Filer were acquired pursuant to compulsory acquisition procedures under the OBCA on December 31, 2000.
6. Except for a failure to file interim financial statements on or before November 29, 2000 for the period ended September 30, 2000, the Filer is not in default of any of the requirements of the Legislation.
7. Other than the subordinate voting shares, the Filer has no other securities, including debt securities, outstanding.
8. The Filer does not intend to seek public financing by way of an offering of its securities.

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

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

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

January 24, 2001.

John Hughes
Manager, Continuous Disclosure

2.1.7 Call-net Enterprises Inc. - MRRS Decision

Headnote

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

Statutes Cited

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

Instruments Cited

Proposed National Instrument 55-101 Exemption From Certain Insider Reporting Requirements (1999), 22 O.S.C.B. 5161.

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

AND

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

AND

**IN THE MATTER OF
CALL-NET ENTERPRISES INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Manitoba, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Call-Net Enterprises Inc. ("Call-Net") for a decision under the securities legislation (collectively the "Legislation") of each of the Jurisdictions that the insider reporting requirements contained in the Legislation (the "Insider Reporting Requirements") shall not apply to the insiders of Call-Net or its subsidiaries (the "Participating Insiders") participating in the Call-Net Amended and Restated Employee Share Purchase Plan (the "Plan") in respect of their acquisition of Common Shares (as defined below) of Call-Net under the Plan;

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 UPON the Call-Net having represented to the Decision Makers as follows:

1. Call-Net is a corporation amalgamated under the *Canada Business Corporations Act* on September 25, 1992.

2. Call-Net is one of Canada's leading national communications solutions companies offering data, online services, and local and long distance voice services across Canada. A full range of such services is offered to businesses, residential customers, governments and other telecommunications carriers. With headquarters in Toronto, Call-Net operates in thirteen locations across the country, owns and operates an extensive national network, and maintains network facilities in the United States and the United Kingdom.
3. Call-Net is a reporting issuer or the equivalent thereof in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, and has been so for at least three years. Call-Net is not in default of any of the requirements of the Legislation in the Jurisdictions.
4. The authorized capital of Call-Net consists of an unlimited number of common shares (the "Common Shares"), an unlimited number of Class B Non-Voting shares (the "Class B Shares") and an unlimited number of Class C Non-Voting Shares (the "Class C Shares"). As of November 30, 2000, 17,580,396 Common Shares, 51,093,362 Class B Shares and 21,775,017 Class C Shares are issued and outstanding.
5. The Common Shares and Class B Shares are listed and posted for trading on The Toronto Stock Exchange. The Class B Shares are listed and posted for trading on The Nasdaq SmallCap Market. The Class C Shares are not publicly traded.
6. Effective July 1, 1999, Call-Net adopted the Plan (subject to regulatory and board approval) to assist employees of Call-Net and its wholly-owned subsidiaries in the purchase of Common Shares.
7. 837,985 Common Shares have been purchased pursuant to the Plan as of December 1, 2000.
8. Call-Net has appointed CIBC Mellon Trust Company as the trustee for the purposes of the Plan (the "Trustee").
9. The Plan provides as follows:
 - (i) persons eligible to participate in the Plan include:
 - A. full-time employees of Call-Net or of any wholly-owned subsidiary (a "Participating Employer") who have completed six months of continuous service; and
 - B. part-time employees of a Participating Employer who have completed six months of continuous service and are scheduled to work more than twenty (20) hours per week;
 - (ii) participants in the Plan may contribute from 1% to 10% of their eligible compensation to the Plan by payroll deduction and Call-Net or the Participating Employer will contribute \$0.50

- towards the purchase of Common Shares for every \$1.00 so contributed by a participant;
- (iii) contributions made by Call-Net or a Participating Employer shall be registered in the name of the Trustee on behalf of the participant for whose benefit such contributions were made;
 - (iv) participants are not permitted to make voluntary contributions to the Plan apart from payroll deductions;
 - (v) the Trustee under the Plan, on behalf of the participants, uses the funds in the Plan to purchase Common Shares each calendar month;
 - (vi) the Common Shares are purchased by the Trustee in the open market at prevailing market prices; and
 - (vii) Common Shares purchased by the Trustee are registered in the name of the Trustee and are held in trust for the participant.
10. Participants, including Participating Insiders, cannot direct the Trustee to purchase Common Shares, other than by way of adjusting their monthly contribution.
11. The Plan was approved by the board of directors of Call-Net on July 22, 1999.
12. The Plan is an "automatic securities purchase plan" as such term is defined in proposed National Instrument 55-101 - Exemption From Certain Insider Reporting Requirements (2000), 23 OSCB 4212. Once a participant elects with respect to contributions to the Plan, the timing of acquisition, the number of Common Shares acquired and the price paid for such acquisitions are all determined by the criteria set out in the Plan.
- Legislation for reporting the disposition or transfer; and
- (ii) for any Common Shares acquired under the Plan during a calendar year which have not been disposed of or transferred, within 90 days of the end of the calendar year.
2. Such exemption is not available to a Participating Insider who beneficially owns, directly or indirectly, voting securities of Call-Net, or exercises control or direction over voting securities of Call-Net, or a combination of both, that carry more than 10% of the voting rights attaching to all of Call-Net's outstanding voting securities.

February 5, 2001.

"Margo Paul"

AND WHEREAS under the System, this 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 Makers 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 shall not apply to the acquisition by a Participating Insider of Common Shares pursuant to the Plan, provided that:

1. Each Participating Insider shall file, in the form prescribed for the Insider Reporting Requirements, a report disclosing all acquisitions of Common Shares under the Plan that have not been previously reported by or on behalf of the Participating Insider:
 - (i) for any Common Shares acquired under the Plan which have been disposed of or transferred, within the time required by the

2.1.8 MessagingDirect Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - company deemed to cease to be a reporting issuer after all outstanding securities acquired by another company under a plan of arrangement.

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 AND ONTARIO**

AND

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

AND

IN THE MATTER OF MESSAGINGDIRECT LTD.

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta and Ontario (the "Jurisdictions") has received an application from MessagingDirect Ltd. ("MDL") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that MDL be deemed to have ceased to be a reporting issuer 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** it has been represented by MDL to the Decision Makers that:
 - 3.1 MDL was incorporated under the *Business Corporations Act* (Alberta), is a reporting issuer in each of the Jurisdictions and is not in default of any of the requirements of the legislation;
 - 3.2 MDL's head office is located in Edmonton, Alberta;
 - 3.3 The authorized capital of MDL consists of an unlimited number of class A common shares ("MDL Shares"), an unlimited number of class B preferred shares ("Class B Shares") and an unlimited number of class C preferred shares ("Class C Shares"). As of January 12, 2001, 21,829,031 MDL Shares and no Class B Shares or Class C Shares were issued and outstanding;

- 3.4 Transaction Systems Architects, Inc. ("TSA"), through its indirect subsidiary TSA Exchangeco Limited, acquired all of the issued and outstanding securities of MDL pursuant to the terms of a Combination Agreement dated as of October 24, 2000 among TSA, Transaction Systems Architects Nova Scotia Company, TSA Exchangeco Limited and MDL (the "Combination Agreement") and the plan of arrangement contemplated by the Combination Agreement (the "Plan of Arrangement");
- 3.5 The MDL Shares are not, and have never been, listed or quoted on any exchange or public market;
- 3.6 pursuant to the Combination Agreement and Plan of Arrangement, on January 11, 2001 TSA Exchangeco Limited became the sole shareholder of MDL;
- 3.7 MDL has no securities, including debt securities, outstanding other than the MDL Shares held by TSA Exchangeco Limited; and
- 3.8 MDL does not currently intend to seek public financing by way of an offering of securities.

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

January 25, 2001.

David C. Linder
Executive Director

2.1.9 Volume Independent Purchasers' Stores Ltd. - MRRS Decision

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

AND

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

AND

IN THE MATTER OF
VOLUME INDEPENDENT PURCHASERS' STORES LTD.
MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (collectively the "Jurisdictions") has received an application (the "Application") from Volume Independent Purchasers' Stores Ltd. ("VIP") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and prospectus (the "Registration and Prospectus Requirements") shall not apply to trades by VIP of:

1. Class "A" Shares (the "Shares") of VIP and Shareholder Loans (as defined below) to Members (as defined below); or
2. Member Loans (as defined below) to Members (as defined below) and/or certain persons closely related to a Member (as defined below);

on and subject to the terms and conditions described herein;

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

AND WHEREAS VIP has represented to the Decision Makers that:

1. VIP was incorporated pursuant to the laws of Saskatchewan on or about December 6, 1965 and continued pursuant to the *Canada Business Corporations Act* by Certificate and Articles of Continuance dated June 17, 1987;
2. The head office of VIP is in Saskatoon, Saskatchewan;

3. VIP is not a reporting issuer in any Jurisdiction, and it is not anticipated that it will become a reporting issuer in any Jurisdiction in the foreseeable future;
4. The authorized capital of VIP consists of a maximum of 2,000 shares of a single class, designated Class "A" Shares of which 169 Shares are presently issued and outstanding;
5. The securities of VIP are not listed or quoted for trading on any exchange or over the counter market;
6. Pursuant to VIP's Articles of Continuance, Shares may be transferred only with the consent of VIP's board of directors (the "Board");
7. VIP's 169 outstanding Shares were issued at a price of \$1 per Share to, and are held as to one Share each by, 169 separate shareholders, each of which is an independently owned and operated retailer of furniture, household appliances and/or electronic products (the "Existing Members"). Existing Members are presently located in all Jurisdictions (except Quebec) and in the Yukon;
8. Most Members are closely held private companies or issuers the securities of which are held by one or two individuals who are directly involved in the day to day operations of the Member and in some cases the spouse or other immediate family members of such security holders;
9. Membership in VIP is, subject to approval by the Board, open to any person or company who operates as a retailer of furniture, household appliances and/or electronic products (an "Applicant") and, upon acceptance of an application and compliance with VIP's Bylaws, an Applicant is issued one Share at a subscription price of \$1, whereupon the Applicant becomes a Member of VIP (the "Member" and as used herein the term refers to Existing Members (for so long as they remain as Members) together with Applicants whose application for membership is hereafter accepted by the Board);
10. Existing Members have made, and Applicants as a condition of Membership, are required to make, to VIP loans in amounts determined from time to time by the Board ("Shareholder Loans"). Pursuant to the Bylaws of VIP such Shareholder Loans may be used by VIP as general working capital as required, but the major purpose of such Shareholder Loans is to secure and guarantee the purchases of merchandise by Members from or through VIP. As at December 31, 1999, outstanding Shareholder Loans totaled \$3,063,209 or, on average, \$18,125 per Member. Interest on Shareholder Loans is paid annually at rates determined by the Board, and over the past five years has been paid at the prime rate less 2% per annum. Generally, however, the principal portion of a Member's Shareholder Loan is repaid only upon resignation or other termination of a Member. The Shareholder Loans are akin to the relationship that might exist between a Member (or any furniture retailer) and a manufacturer/wholesale supplier of merchandise who in the ordinary course of business may require the

- retailer/ buyer to deposit cash or other security to secure ongoing deliveries of inventory;
11. VIP operates a centralized buying and marketing group on behalf of its Members. As such, its principal business and purpose is to purchase merchandise from suppliers on behalf of Members and resell that merchandise to Members. VIP currently deals with approximately 275 suppliers on behalf of the members. VIP additionally provides advertising and promotional, administrative and other ancillary services to its Members. Pursuant to VIP's Bylaws, all surplus revenues of VIP are allocated to Members on a pro rata basis according to the scale of purchases from approved suppliers over the period in which the surplus was accumulated;
12. In its fiscal year ended December 31, 1999, VIP had total sales, on a non consolidated basis, of approximately \$178,729,000, all of which sales were made to the Members. Additionally, VIP has a wholly owned subsidiary, VIP Distributors Inc. ("Distributors"), which operates a similar centralized buying service on behalf of a separate group of 268 members. Each member of Distributors is, like the Members, an independently owned and operated retailer of furniture, appliances and electronics. However, unlike the Members, members of Distributors have no equity interest in Distributors or VIP and do not participate in the revenues or profits of Distributors. In the fiscal year ended December 31, 1999, Distributors had total sales of approximately \$108,231,000, such that VIP's total sales, on a consolidated basis were approximately \$286,960,000;
13. VIP proposes to establish a financing program (the "Program") pursuant to which it will offer for sale (the "Offering") and issue non-convertible debt instruments (referred to as "Member Loans") on substantially the following terms and conditions:
- a. Member Loans will be created and authorized for issue pursuant to a trust deed (the "Trust Deed") to be entered into between VIP and a trustee (the "Trustee") licensed to carry on business as a trust company in every Jurisdiction;
 - b. the Trust Deed will authorize VIP to create and issue Member Loans in an aggregate principal amount of up to \$20 million, to be evidenced by Member Loan Certificates ("Certificates") to be issued in denominations of \$5,000 and/or multiples thereof as VIP may from time to time determine. The terms and conditions of the Member Loans as to maturity dates (which may vary from one to ten years from the date of issue), instalment payments prior to maturity (if any) and interest rates may vary from Certificate to Certificate as determined by the Board and agreed to by the respective subscribers for the Loans. The Member Loans will not be secured, and it is not anticipated that the Member Loans will be rated by any recognized rating agency;
 - c. the Member Loans shall be offered to, and may be subscribed for by, only the following persons and companies (collectively "Eligible Subscribers"):
 - i. Members;
 - ii. individual directors or senior officers of a Member;
 - iii. individuals who directly or indirectly "control" (as that term is defined in the Legislation) a Member;
 - iv. a spouse, spousal equivalent or child of a person mentioned in i, ii or iii above; or
 - v. a registered retirement savings plan of which an individual mentioned in i, ii, iii or iv above is the beneficiary;
 - d. the Member Loans will not be further tradable except:
 - i. to another Eligible Subscriber; or
 - ii. in circumstances where the further trade would be exempt from the Registration and Prospectus Requirements;
 - e. the Offering will begin at a time determined by the Board and will continue for an indefinite period of time as determined by the Board;
 - f. prior to accepting any specific subscription from an Eligible Subscriber for a Member Loan VIP shall deliver to the subscriber a copy of:
 - i. the Certificate and Articles of Continuance and Bylaws of VIP as amended from time to time;
 - ii. VIP's most recent annual audited financial statements;
 - iii. this Decision; and
 - iv. a written summary of the material terms of the Trust Deed (including, if applicable, any supplemental deeds) and Program;
 - g. the proceeds of the Offering will be used to establish a fund which will be drawn against by VIP and/or by Distributors, to pay for merchandise purchased by VIP and/or by Distributors on behalf of Members and/or on behalf of members of the Distributors buying group and replenished with funds as and when payments are received from the respective Members and/or members of the Distributors buying group on behalf of whom such purchases are made;
 - h. the Program will replace part of VIP's current revolving credit facilities;

14. The Members and Eligible Subscribers are all engaged, directly or indirectly, in the furniture, household appliance and/or electronic products retailing business and, therefore, possess substantial knowledge of that business and of VIP's operations and affairs, which operations are not carried on primarily with a view of making a profit but rather as a means of combining the purchasing power of all Members to enable them to obtain, collectively, better prices and terms for the purchase of inventory used in their respective businesses, and otherwise to facilitate the respective business operations of the Members in an efficient manner and under the control of the Members;
15. VIP prepares and sends and will continue to prepare and send on an ongoing basis to holders of its securities annual audited financial statements. These statements are currently prepared and sent in accordance with the requirements of the *Canada Business Corporations Act*. These statements will from the date of this Decision Document be prepared in accordance with the requirements of the *Canada Business Corporations Act* and the Legislation for annual audited financial statements and will be sent within 140 days from the end of each financial year of VIP; and
16. Members receive notices of meetings and proxy and management information circulars of VIP on an ongoing basis as required pursuant to the *Canada Business Corporations Act*;

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 are of the opinion that it would not be prejudicial to the public interest to make this Decision;

THE DECISION of the Decision Makers pursuant to the Legislation is as follows:

1. The proposed trade of Shares by VIP to, and taking of Shareholder Loans from, Members shall not be subject to the Registration and Prospectus Requirements, provided that:
 - a. the Shares are issued at a nominal subscription price of \$1 and only one Share is issued to each Member;
 - b. prior to issuing a Share to, or taking a Shareholder Loan from, any specific Applicant VIP shall deliver to the Applicant a copy of:
 - i. the Certificate and Articles and Bylaws of VIP as amended from time to time;
 - ii. VIP's most recent annual audited financial statements;
 - iii. this Decision; and
 2. Except with respect to the Registration and Prospectus Requirements in the Legislation of Nova Scotia, the proposed trade by VIP of Member Loans to Eligible Subscribers shall not be subject to the Registration and Prospectus Requirements, provided that:
 - a. the Member Loans are offered for sale on substantially the terms and conditions described in the Decision;
 - b. prior to accepting any specific subscription from an Eligible Subscriber for a Member Loan VIP shall deliver to the subscriber a copy of:
 - i. the Certificate and Articles and Bylaws of VIP as amended from time to time;
 - ii. VIP's most recent annual audited financial statements;
 - iii. this Decision;
 - iv. a written summary of the material terms of the Trust Deed (including, if applicable, any supplemental deeds) and Program; and
 - v. a statement to the effect that as a consequence of this Decision certain protections, rights and remedies provided by the Legislation, including statutory rights of rescission or damages, may not be available with respect to acquisition of the Member Loans and that certain restrictions are imposed on the disposition of the Member Loans; and
 - c. a subsequent trade in a Member Loan shall be deemed a "distribution" for the purposes of the
- iv. a statement to the effect that as a consequence of this Decision certain protections, rights and remedies provided by the Legislation, including statutory rights of rescission or damages, will not be available with respect to the acquisition of the Shares and Shareholder Loans and that certain restrictions are imposed on the disposition of the Shares and Shareholder Loans;
 - c. the trade is carried out substantially in the manner described in this Decision; and
 - d. a subsequent trade in Shares and/or Shareholder Loans shall be deemed a "distribution" if made in the Province of British Columbia, Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia or Newfoundland, a "primary distribution to the public" if made in the Province of Manitoba or New Brunswick and a "distribution to the public" if made in the Province of Prince Edward Island, unless such trade is made to VIP or another Member; and

Legislation if made in the Province of British Columbia, Alberta, Saskatchewan, Ontario, Quebec or Newfoundland, a "primary distribution to the public" if made in the Province of Manitoba or New Brunswick and a "distribution to the public" if made in the Province of Prince Edward Island unless the transferee is another Eligible Subscriber who is provided with substantially the same information that VIP would be required to provide pursuant to this Decision if the transferee was acquiring the Member Loan directly from VIP.

DATED at Saskatoon, Saskatchewan, on June 16, 2000.

Marcel de la Gorgendière, Q.C.
Chairperson

2.1.10 Cardinal Health Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Subsection 74(1) - trades in common stock of non-reporting issuer to employees or to employees and their spouses jointly pursuant to company's employee stock purchase plan exempt from registration and prospectus requirements provided that first trades in securities acquired are deemed distributions unless executed through a stock exchange or market outside of Canada. Eligible employees cannot have shares registered solely in name of spouse and payroll deductions only made from employees' payroll.

Applicable Ontario Statutes

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

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

AND

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

AND

IN THE MATTER OF
CARDINAL HEALTH, INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (collectively, the "Decision Makers") in each of British Columbia, Alberta, Manitoba, Ontario, Nova Scotia and Newfoundland (collectively, the "Jurisdictions") has received an application from Cardinal Health, Inc. ("Cardinal") for a decision under the applicable securities legislation of the Jurisdictions (collectively, the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus in respect of such security (the "Prospectus Requirement") shall not apply to trades in securities of Cardinal under the Cardinal Health, Inc. Employee Stock Purchase Plan, as amended from time to time (the "plan");

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

AND WHEREAS Cardinal has represented to the Decision Makers that:

Decisions, Orders and Rulings

1. Cardinal is a corporation incorporated under the laws of the State of Ohio, United States of America;
2. Cardinal is not, and has no present intention of becoming, a reporting issuer or the equivalent under the securities legislation of any jurisdiction in Canada;
3. Cardinal is a reporting company with the United States Securities and Exchange Commission, is subject to the reporting requirements of the *Securities Act of 1933*, as amended, and is not in default of its reporting obligations under that Act;
4. Pursuant to Cardinal's articles of incorporation, Cardinal is authorized to issue up to 750,000,000 common shares ("Common Shares"). As of December 1, 2000, approximately 279,329,887 Common Shares were issued and outstanding. Such articles also authorize Cardinal to issue up to 5,000,000 Class B common shares, none of which are outstanding, and 500,000 non-voting preferred shares, none of which are outstanding;
5. under the Plan, eligible employees of Cardinal and Cardinal's affiliates (the "Participants") are able to purchase Common Shares at a discount from the fair market value;
6. the Common Shares distributed to Participants pursuant to the Plan may be newly issued shares, shares from treasury and shares purchased on the open market;
7. under the Plan, an account is set up for each Participant and each Participant may elect to have such account registered in the Participant's name or in the name of the Participant and his or her spouse jointly (the "Joint Holder") (collectively, the Participants or the Participants and Joint Holders are referred to as the "Purchasers");
8. Common Shares purchased under the Plan are allocated to the Purchasers' accounts according to the amount of funds contributed by the Participants through deductions from their payroll, with no funds being contributed by the Joint Holders;
9. as of December 1, 2000, there were approximately 150 employees of Cardinal and Cardinal's affiliates resident in the Jurisdictions eligible to participate in the Plan;
10. participation in the Plan is voluntary and Participants are not induced to participate in the Plan by expectation of employment or continued employment;
11. Cardinal will use an agent (the "Agent") to carry out certain administrative functions under the Plan; such functions may include purchasing Common Shares for distribution to the Purchasers' accounts, maintaining such accounts and selling Common Shares acquired under the Plan on behalf of the Purchasers;
12. the Agent will not offer any advice to the Purchasers regarding the decision to acquire, hold or sell the Common Shares under the Plan;
13. the Agent is not a registered dealer or equivalent under the applicable Legislation of any of the Jurisdictions. The Agent is and will be registered as a dealer or equivalent under the applicable securities legislation in the United States of America. References to the Agent may include a subsidiary of the Agent that is registered as a dealer or equivalent under the applicable securities legislation in the United States of America;
14. Participants resident in the Jurisdictions will be provided with a copy of the Plan and the disclosure material relating to the Plan that is provided to all other Participants and, upon becoming a shareholder of Cardinal, Purchasers resident in the Jurisdictions will be concurrently provided with the disclosure material relating to Cardinal that is provided to holders of Common Shares resident in the United States of America;
15. at the time of any issuance of Common Shares under the Plan, holders of Common Shares whose last address as shown on the books of Cardinal is in Canada do not hold more than 10% of the total number of outstanding Common Shares and do not represent in number more than 10% of the total number of holders of Common Shares;
16. the Common Shares are not listed or posted for trading on any securities exchange or over-the-counter market in Canada but are listed and posted for trading on The New York Stock Exchange;
17. all sales of Common Shares carried out by the Agent on behalf of the Purchasers pursuant to the Plan will be made through The New York Stock Exchange in accordance with all laws and rules of such exchange;
18. there is no present or anticipated future market in Canada for the Common Shares;
19. the Legislation of certain of the Jurisdictions does not contain exemptions from the Prospectus Requirement and/or Registration Requirement for trades in Common Shares to or by the Purchasers carried out through the Agent; and
20. where the Agent sells Common Shares on behalf of Purchasers pursuant to the Plan, the Purchasers and the Agent are not able to rely on the exemption from the Registration Requirement contained in the Legislation for trades made by a person acting solely through a registered dealer under the Legislation.

AND WHEREAS under the System this MRRS Decision Document evidences the decision of each of the Decision Makers (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:

- (a) the Registration Requirement and the Prospectus Requirement shall not apply to the issuance by Cardinal of Common Shares to the Purchasers under the Plan, whether such issuance is made directly to the Purchasers or to the Agent on behalf of the Purchasers, provided that the first trade in Common Shares acquired under this Decision is deemed to be a distribution or a primary distribution to the public under the Legislation unless such trade is executed through the facilities of a stock exchange or organized market outside of Canada and in accordance with all the laws and rules applicable to such exchange or market; and
- (b) the Registration Requirement shall not apply to the Agent in connection with trades in Common Shares under the Plan or to the first trade in Common Shares acquired by Purchasers under the Plan made through the Agent.

February 2, 2001.

"Robert B. MacLellan"

2.1.11 ScotiaMcLeod & Pinnacle RSP American Large Cap Growth Equity Fund - MRRS Decision

Headnote

Investment for specified purpose by mutual funds in securities of another mutual fund that is under common management exempted from the requirements of clauses 111(2)(b) and 111(2)(c), subsection 111(3), clauses 117(1)(a), and 117(1)(d) subject to certain specified conditions.

Investment by mutual funds in forward contracts issued by related counterparty exempted from the requirements of clause 111(2)(a) and 118(2)(a), subject to specified conditions.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c.S.5, as am. ss. 111(2)(a), 111(2)(b), 111(3), 113, 117(1)(a), 117(1)(d), 117(2), 118(2)(a) and 121(2)(a)(ii).

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

AND

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

AND

IN THE MATTER OF
SCOTIAMCLEOD

AND

PINNACLE RSP AMERICAN LARGE CAP GROWTH
EQUITY FUND

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Scotia Capital Inc. ("ScotiaMcLeod"), Pinnacle RSP American Large Cap Growth Equity Fund and other mutual funds managed by ScotiaMcLeod on or after the date of this Decision (defined herein) having an investment objective that is linked to the returns or portfolio of another specified ScotiaMcLeod managed mutual fund (collectively referred to as the "Top Funds"), for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following provisions in the Legislation (the "Applicable Requirements") shall not apply in connection with: (a) certain investments to be made by the Top Funds in their applicable corresponding ScotiaMcLeod managed mutual funds from time to time (the funds in which such investments are to be made being

collectively referred to as the "Underlying Funds") and (b) certain investments to be made by the Top Funds in forward contracts or other specified derivatives with one or more institutions, including The Bank of Nova Scotia ("Scotiabank"), (collectively the "Related Counterparties"):

1. the provisions contained in the Legislation prohibiting a mutual fund from knowingly making or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder;
2. the provisions contained in the Legislation requiring a management company (or in British Columbia, a mutual fund manager) to file a report relating to a purchase or sale of securities between the mutual fund and any related person or company, or any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, the mutual fund is a joint participant with one or more of its related persons or companies;
3. the provisions contained in the Legislation prohibiting a mutual fund from knowingly making an investment in an issuer in which any person or company who is a substantial security holder of the mutual fund, its management company or its distribution company, has a significant interest;
4. the provision contained in the Legislation prohibiting a mutual fund from knowingly making an investment in any person or company who is a substantial security holder of the mutual fund, its management company or distribution company; and
5. the provision contained in the Legislation prohibiting a portfolio manager from knowingly causing any investment portfolio managed by it to invest in any issuer in which a "responsible person" (as that term is defined in the Legislation) or an associate of a responsible person is an officer or director.

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 ScotiaMcLeod to the Decision Makers that:

1. ScotiaMcLeod is a corporation incorporated under the laws of Ontario and its head office is located in Ontario. ScotiaMcLeod is or will be the manager, trustee and promoter of the Top Funds and the Underlying Funds (collectively, the "Funds").
2. Each of the Funds will be an open-ended mutual fund trust established under the laws of Ontario. The Units of the Funds are or will be qualified for distribution in all of the provinces and territories of Canada (the "Prospectus Jurisdictions") pursuant to simplified prospectuses and annual information forms.
3. Each of the Funds will be a reporting issuer under the Legislation of each of the Prospectus Jurisdictions.

4. Upon the creation of a Top Fund and an Underlying Fund, ScotiaMcLeod will invest seed money so that for a short period of time ScotiaMcLeod will have a significant interest in, and be a substantial securityholder of, both the Top Fund and the Underlying Fund.
5. The simplified prospectuses will disclose the investment objectives, investment strategies, risks and restrictions of the Top Funds and the Underlying Funds. The investment objective of the Top Funds will include disclosure of the names of the Underlying Funds and the Top Funds' total aggregate derivative exposure to, and direct investment in the Underlying Funds.
6. The investment objectives of each Top Fund will be similar to that of the applicable Underlying Fund. Each Top Fund will seek to achieve its investment objective primarily through the implementation of a derivative strategy that provides a return linked to the return of the applicable Underlying Fund. Each Top Fund will also invest directly in the applicable Underlying Fund up to the amount prescribed from time to time as the maximum permitted amount which may be invested in foreign property under the *Income Tax Act (Canada)* (the "Tax Act") without the imposition of tax under Part XI of the Tax Act (the Foreign Property Maximum").
7. All purchases by a Top Fund of units of the applicable Underlying Fund will be made through ScotiaMcLeod (or an affiliate).
8. Each Top Fund will make investments such that its units will, in the opinion of tax counsel to the Top Fund, be "qualified investments" for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and similar plans (collectively, the "Registered Plans") under the Tax Act and will not constitute foreign property in a Registered Plan.
9. The investment objectives of the Underlying Funds will be achieved through investment primarily in foreign securities.
10. The direct investment by each Top Fund in its Underlying Fund will be within the Foreign Property Maximum (the "Permitted Limit"). The amount of direct investment by each Top Fund in its Underlying Fund will be adjusted from time to time so that, except for transitional cash, the aggregate of derivative exposure to, and direct investment in, the Underlying Fund (or its portfolio securities) will equal 100% of the net assets of that Top Fund.
11. The Top Funds will enter into forward contracts with one or more financial institutions, including The Scotiabank, an affiliate of ScotiaMcLeod ("Related Counterparty") (each, a "Counterparty"). Scotiabank has a substantial interest in ScotiaMcLeod.
12. In order to hedge their obligations under the forward contracts, the Counterparties (or their affiliates) will likely, but are not required to, purchase Units of the applicable Underlying Funds.

13. Scotiabank may have a significant interest in an Underlying Fund due to its hedging activities.
14. Except to the extent evidenced by this Decision and specific approvals granted by the Canadian securities administrators pursuant to National Instrument 81-102 Mutual Funds ("NI 81-102"), the investments by the Top Funds in the Underlying Funds have been, or will be, structured to comply with the investment restrictions of the Legislation and NI 81-102.
15. In the absence of this Decision, pursuant to the Legislation, the Top Funds are prohibited from (a) knowingly making an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial unitholder; and (b) knowingly making an investment in an issuer in which any person or company who is a substantial security holder of the mutual fund, its management company or its distribution company, has a significant interest; and (c) knowingly holding an investment referred to in clause (a) or (b) hereof. As a result, in the absence of this Decision the Top Funds would be required to divest themselves of any such investments.
16. In the absence of this Decision, the Legislation requires ScotiaMcLeod to file a report on every purchase or sale of securities of the Underlying Funds by the Top Funds.
17. In the absence of this Decision, the Legislation prohibits ScotiaMcLeod from knowingly causing a Top Fund to invest in any person or company in which a director, officer or employee of ScotiaMcLeod is an officer or director.
18. In the absence of this Decision, pursuant to the Legislation, the Top Fund is prohibited from knowingly making and investment in a person or company, namely the forward contract of Scotiabank, which is a substantial security holder of ScotiaMcLeod, the management company of the Top Fund; and (b) knowingly holding an investment referred to in clause (a) hereof. As a result, in the absence of this Decision, the Top Funds would be required to divest themselves of any such investments.
19. The Top Funds' investment in or redemption of units of their corresponding Underlying Funds will represent the business judgment of responsible persons, uninfluenced by considerations other than the best interest of the Top Funds.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicable Requirements shall not apply

so as to prevent a Top Fund from making or holding an investment in securities of an Underlying Fund,

PROVIDED IN EACH CASE THAT:

1. the Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with the matters in section 2.5 of NI 81-102; and
2. the Decision shall only apply if, at the time a Top Fund makes or holds an investment in an Underlying Fund, the following conditions are satisfied:
 - a. the securities of both the Top Fund and the Underlying Fund are being offered for sale in the jurisdiction of the Decision Maker pursuant to a simplified prospectus and annual information form which has been filed with and accepted by the Decision Maker;
 - b. the investment by the Top Fund in the Underlying Fund is compatible with the fundamental investment objectives of the Top Fund;
 - c. the investment objective of the Top Fund discloses that the Top Fund invests directly and indirectly (through derivative exposure) in the Underlying Fund and the name of the Underlying Fund;
 - d. the investment objective of the Top Fund discloses the name of the Underlying Fund;
 - e. the Underlying Fund is not a mutual fund whose investment objective includes investing directly or indirectly in other mutual funds;
 - f. the Top Fund restricts its direct investment in the Underlying Fund to a percentage of its assets that is within the Permitted Limit;
 - g. there are compatible dates for the calculation of the net asset value of the Top Fund and the Underlying Fund for the purpose of the issue and redemption of securities of such mutual funds;
 - h. no sales charges are payable by the Top Fund in relation to its purchases of securities of the Underlying Fund;
 - i. no redemption fees or other charges are charged by the Underlying Fund in respect of the redemption by the Top Fund of securities of the Underlying Fund owned by the Top Fund;
 - j. no fees and charges of any sort are paid by the Top Fund and the Underlying Fund, by their respective managers or principal distributors, or by any affiliate or associate of any of the foregoing entities to anyone in respect of the

- Top Fund's purchase, holding or redemption of the securities of the Underlying Fund;
- k. the arrangements between or in respect of the Top Fund and the Underlying Fund are such as to avoid the duplication of management fees;
 - l. any notice provided to securityholders of the Underlying Fund, as required by applicable laws or the constating documents of the Underlying Fund, has been delivered by the Top Fund to its securityholders along with all voting rights attached to the securities of the Underlying Fund which are directly owned by the Top Fund.
 - m. all of the disclosure and notice material prepared in connection with a meeting of securityholders of the Underlying Fund and received by the Top Fund has been provided to its securityholders, the securityholders have been permitted to direct a representative of the Top Fund to vote its holdings in the Underlying Fund in accordance with their direction, and the representative of the Top Fund has not voted its holdings in the Underlying Funds except to the extent the securityholders of the Top Fund have directed;
 - n. in addition to receiving the annual and, upon request, the semi-annual financial statements of the Top Fund, securityholders of the Top Fund have received the annual and, upon request, the semi-annual financial statements, of the Underlying Fund in either a combined report, containing financial statements of the Top Fund and the Underlying Fund, or in a separate report containing the financial statements of the Underlying Fund; and
 - o. to the extent that the Top Fund and the Underlying Fund do not use a combined simplified prospectus and annual information form containing disclosure about the Top Fund and the Underlying Fund, copies of the simplified prospectus and annual information form of the Underlying Fund have been provided upon request to securityholders of the Top Fund and this right is disclosed in the simplified prospectus of the Top Fund.
- third parties which are of similar size as the Funds;
- b. the independent auditors of the Funds, have reviewed the pricing of the forward contract offered by the Related Counterparty to the Funds against the pricing offered by the Related Counterparty to other fund groups offering RSP clone funds of similar size to ensure the pricing is as favourable;
 - c. this review by the independent auditors is undertaken on each renewal or pricing amendment to the forward contract during the term of such contract;
 - d. disclosure of the independent auditor's role and review of the forward contract is outlined in the prospectus, as is the involvement of the Related Counterparty as counterparty; and
 - e. ScotiaMcLeod, on behalf of the Funds, has considered the forward contracts to be entered into with the Related Counterparty and has approved them only once such confirmation of as favourable pricing has been received from the independent auditors.

January 26, 2001.

"J.A. Geller"

"R. Stephen Paddon"

THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicable Requirements shall not apply so as to prevent a Top Fund from entering into forward contracts with a Related Counterparty,

PROVIDED THAT IN EACH CASE THAT:

- 1. the Decision shall only apply if, at the time a Top Fund enters into a forward contract with a Related Counterparty, the following conditions are satisfied:
 - a. pricing terms offered by the Related Counterparty to the Funds under the forward contracts are at least as favourable as the terms committed by the Related Counterparty to other

**2.1.12 Iris Money Market Fund et al. - MRRS
Decision**

Headnote

MRRS Exemptive Relief Application - extension of lapse date.

Statutes Cited

Securities (Ontario), R.S.O. 1990 c.S.5. as am, ss. 62(5).

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

AND

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

AND

IN THE MATTER OF
IRIS MONEY MARKET FUND
IRIS MORTGAGE FUND
IRIS BOND FUND
IRIS NORTH AMERICAN HIGH YIELD BOND FUND
IRIS DIVIDEND FUND
IRIS TACTICAL OPTION BALANCED FUND
IRIS STRATEGIC INCOME OPTION BALANCED FUND
IRIS BALANCED FUND
IRIS STRATEGIC GROWTH OPTION BALANCED FUND
IRIS CANADIAN EQUITY FUND
IRIS U.S. EQUITY FUND
IRIS GLOBAL EQUITY FUND

AND

IRIS SMALL CAP CANADIAN EQUITY FUND
(collectively, the "Funds")

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia and Newfoundland (collectively, the "Jurisdictions") has received an application from Laurentian Bank of Canada (the "Bank"), in its capacity as manager of the Funds, for a decision pursuant to the securities legislation of the Jurisdictions (collectively, the "Legislation") that the time limits prescribed for the distribution of units under the simplified prospectus of the Funds dated July 22, 1999 (the "Prospectus") be extended to those time limits that would be applicable if the lapse date of the Prospectus was September 15, 2000;

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

"System"), the *Commission des valeurs mobilières du Québec* ("CVMQ") is the principal regulator for this application;

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

1. The Bank is governed by the *Bank Act* (Canada) and is the manager of the Funds.
2. Each of the Funds is an open-ended mutual fund trust established under the laws of Ontario by a declaration of trust.
3. Each of the Funds is a reporting issuer, or the equivalent thereof, within the meaning of the Legislation, and none of the Funds is in default of any requirements of the Legislation.
4. The units of the Funds are presently qualified for sale on a continuous basis in each Jurisdiction pursuant to the Prospectus.
5. Pursuant to the Legislation, the earliest lapse date (the "Lapse Date") for the distribution of units of the Funds under the Prospectus is July 22, 2000.
6. A preliminary and pro forma simplified prospectus and annual information form dated June 22, 2000 (collectively, the "Pro Forma Prospectus") relating to, on the one hand, the Funds and, on the other hand, the Iris Canadian Equity Index Plus Fund and the Iris Nasdaq 100 RSP Index Fund (collectively, the "Index Funds"), was filed in the Jurisdictions pursuant to National Instrument 43-201, the Mutual Reliance Review System for Prospectuses and Annual Information Forms, with the CVMQ acting as principal regulator.
7. A MRRS decision document was granted on the Pro Forma Prospectus, with respect to the Index Funds, on June 27, 2000.
8. The requested extension of the Lapse Date was applied for on August 2, 2000 and is intended to allow sufficient time to the Bank to fully consider the comments on the Pro Forma Prospectus and to revise the final offering documents accordingly.
9. Since the date of the Prospectus, no material changes have occurred and no amendments to the Prospectus has been made.
10. The requested extension will not affect the currency or accuracy of the information contained in the Prospectus and, accordingly, would not be prejudicial to the public interest.

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 the time limits prescribed by the Legislation as they apply to a distribution of securities under a prospectus are hereby extended to the time limits that would be applicable if the Lapse Date for the distribution of units of the Funds under the Prospectus was September 15, 2000.

DATED at Montreal, this 14 day of September 2000.

Jean-François Bernier
Le directeur des marchés des capitaux

2.1.13 Frank Russell Canada Ltd. - Decision

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

AND

IN THE MATTER OF
FRANK RUSSELL CANADA LIMITED

Hearing:

January 31, 2001

Panel:

John A. Geller, Q.C. - Commissioner
Kerry D. Adams, FCA - Commissioner

Counsel:

Tim Moseley - For the Staff of the Ontario
Securities Commission

James D.G. Douglas - For the Respondent
David Di Paolo

DECISION

1. In our view, subsection 111(2) prohibits the mutual funds (the "Funds") managed by Frank Russell Canada Limited ("FRC") from making, and subsection 111(3) of the Act prohibits the Funds from continuing to hold, investments in the securities of substantial security holders of distribution companies of the Funds.
2. However, the prohibitions are not absolute ones. Section 113 of the Act provides us with a road map as to when it is appropriate, in a specific situation, to order that these prohibitions do not apply. In our view, making a determination under section 113 that the test set out in clause 113(a) has been satisfied, and that it is appropriate to make an order under the section, does not represent a major change in the statutory scheme to protect against conflicts of interest which ought not to be implemented in the context of a specific application for exemptive relief. Rather, it involves us in nothing more than applying the scheme expressly provided in the Act.
3. On the evidence, we are of the view that the undertaking given by FRC does not make it inappropriate for us to grant FRC relief under section 113.
4. On the evidence, we are satisfied that (a) neither FRC nor its parent company, Frank Russell Company (the "Parent"), purchases or sells securities for the Funds, with the exception of securities of Nortel Networks Corporation which FRC directs purchases and sales of in the Sovereign Canadian Equity Pool and index futures contracts which the Parent, as portfolio adviser,

buys and sells for the Funds, (b) the portfolio advisers for the Funds have complete discretion to purchase and sell securities for the segments of the portfolios of the Funds within their mandate, subject only to the Funds' investment objectives, policies and restrictions, (c) with the exception of the Parent, all portfolio advisers of the Funds are at arm's length with FRC, and (d) FRC does not in fact influence the decisions of the portfolio advisers as to the purchase or sale of specific securities or securities of a specific issuer or class or group of issuers.

5. However, there are provisions of the agreements with portfolio managers which could be read as technically enabling FRC to interfere with the investment decisions of portfolio advisers. In addition, we have to be concerned that the contractual arrangements with portfolio advisers could change over time, as could FRC's attitude towards interfering in the investment decisions of its portfolio advisers.
6. We have concluded that, provided suitable terms and conditions are imposed in an order made under section 113, FRC meets the test set out in clause 113(a), and that there is no reason why we should not make the requested section 113 order.
7. The terms and conditions to which the order is subject should provide that the exemption will only apply to investments made or held at a time when:
 - a) neither FRC nor any of the portfolio advisers of the Funds is acting on a non-arm's length basis with the relevant distribution company;
 - b) none of FRC, the Parent or any of their respective affiliates, associates or substantial shareholders in fact influences any investment decision of a portfolio adviser (other than the Parent) of any of the Funds with respect to the purchase, sale or holding of any specific security or the securities of a specific issuer or class or group of issuers;
 - c) none of FRC, the Parent or their respective affiliates, associates or substantial shareholders has therefore taken any action referred to in b) above;
 - d) there is no agreement, arrangement or understanding in effect which would enable any distribution company of a Fund to influence any decision of a portfolio adviser of a Fund; and
 - e) unless, at the time, a portfolio adviser has resigned or been removed within 60 days prior to the time and has not yet been replaced, in which case FRC may make the investment decisions which were within the mandate of that portfolio adviser except that no such decision shall involve the purchase of securities which, were it not for the order, a fund would be prohibited by subsection 111(2) of the Act from purchasing, none of FRC, the Parent or any of their respective affiliates, associates or substantial

shareholders makes or participates in making any investment decision with respect to the purchase, sale or holding by a Fund of any specific security or the securities of a specific issuer or class or group of issuers, except as specified in 4 above.

8. Staff should consider what additional terms and conditions would be appropriate, and discuss these with counsel for FRC. If agreement cannot be reached, the matter should be brought back before this panel for our decision. If agreement can be reached, an appropriate order should be prepared for our consideration. We may also be spoken to about the specific language for the terms and conditions which we have outlined above.
9. FRC shall not be required by Staff to comply with its undertaking to dispose of securities until the order provided for in this Decision has been made unless, after hearing the parties, the Commission otherwise orders.

February 6, 2001

"J. A. Geller"

"K. D. Adams"

2.1.14 Scotia Discount Brokerage 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
SCOTIA DISCOUNT BROKERAGE 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 Scotia Discount Brokerage Inc. (the "Filer") regarding the operation of the separate division, Scotia Discount Brokerage 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 Bank of Nova Scotia
2. the Division is a distinct internal operating division of the Filer;
3. the Filer has branches and/or call centres located in Montreal, Quebec (servicing Quebec); Halifax, Nova Scotia (servicing New Brunswick, Newfoundland, Nova Scotia and Prince Edward Island); Toronto, Ontario (servicing Ontario, as well as electronic trading across Canada); and Calgary, Alberta (servicing Manitoba, Saskatchewan, Alberta, British Columbia and the Yukon, the Northwest Territories and Nunavut). In addition, the Filer has a number of sub-branches that act as client service centres but which do not open accounts and do not accept orders;
4. the Filer is registered under the Legislation as an investment dealer or equivalent and is a member of the IDA;
5. Scotia Discount Brokerage Direct is a trade name of the Filer registered with each of the Jurisdictions;
6. the Division operates independently using its own letterhead, accounts, Registered Representatives and account documentation;
7. the Division and its Registered Representatives do not and will not provide advice or recommendations regarding the purchase or sale of any security and the Filer and the Division will adopt, prior to accepting clients, policies and procedures to ensure the Division

and the Division's Registered Representatives do not and will not 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 Filer will be advised of the Decision of the Decision Makers and, if the client wishes to transfer an existing account to the Division, the client will be requested to acknowledge that:
 - (a) the Division and its Registered Representatives shall not provide advice or recommendations regarding the purchase or sale of any security, and
 - (b) the Division and its Registered Representatives will not assess 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 Division, including the significance of the Division not assessing the general investment needs and objectives of the client, or the suitability of a proposed purchase or sale of a security for a client
13. all prospective clients of the Division will be advised and required to acknowledge that:
 - (a) the Division and its Registered Representatives shall not provide advice or recommendations regarding the purchase or sale of any security, and
 - (b) the Division and its Registered Representatives will not assess 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;

14. 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 Division,

including the significance of the Division not assessing the general investment needs and objectives of the client, or the suitability of a proposed purchase or sale of a security for the client;

15. the Filer and the Division will adopt, prior to the Division accepting clients, policies and procedures to ensure:
 - (a) that evidence of all Client Acknowledgements and Prospective Client Acknowledgements is established and retained pursuant to the record keeping requirements of the Legislation and the IDA, and
 - (b) all client accounts of the Filer 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;
16. the Filer will adopt, prior to the Division accepting clients, policies and procedures to ensure that:
 - (a) the Division operates separately from any other division of the Filer using its own letterhead, accounts, account documentation and Registered Representatives,
 - (b) Registered Representatives of the Division will be clearly employed by the Division and will 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. 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 using its own letterhead, accounts, Registered Representatives and account documentation;

Decisions, Orders and Rulings

4. the Division does not compensate its Registered Representatives on the basis of transactional values;
5. each client of the Filer is advised of the Decision of the Decision Makers and, if the client wishes to transfer an existing account to the Division, the client will be requested to make a Client Acknowledgement;
6. 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;
7. evidence of all Client Acknowledgements and Prospective Client Acknowledgements is established and retained pursuant to the record keeping requirements of the Legislation and the IDA;
8. the Filer 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;
9. the Filer has in force policies and procedures to ensure that:
 - (a) the Division operates separately from any other division of the Filer using its own letterhead, accounts, Registered Representatives and account documentation,
 - (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
10. 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.

January 17th, 2001.

"William 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. 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 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 Filer is advised of the Decision of the Decision Makers and, if the client wishes to transfer an existing account to the Division, the client will be requested to make a Client Acknowledgement;
6. 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;
7. evidence of all Client Acknowledgements and Prospective Client Acknowledgements is established and retained pursuant to the record keeping requirements of the Legislation and the IDA;
8. the Filer 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;
9. the Filer has in force policies and procedures to ensure that:
 - (a) the Division operates separately from any other division of the Filer using its own letterhead, accounts, Registered Representatives and account documentation,
 - (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
10. 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.

January 17th, 2001.

"Howard I. Wetston"

"R. Stephen Paddon"

2.1.15 Qtrade Investor 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 CANADIAN SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
ONTARIO, NEWFOUNDLAND AND NOVA SCOTIA**

AND

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

AND

**IN THE MATTER OF
QTRADE INVESTOR INC.**

MRRS DECISION DOCUMENT

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

1. a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements of the Legislation requiring the Applicant and its registered salespersons, partners, officers and directors ("Registered Representatives") to make inquiries of each client of the Applicant 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, collectively, the "Suitability Requirements") do not apply to the Applicant 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 Applicant and its Registered Representatives to make inquiries of each client of the Applicant 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, collectively, the "IDA Suitability Requirements") do not apply to the Applicant and its Registered Representatives;

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

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

1. the Applicant is a corporation incorporated under the *Canada Business Corporations Act*;
2. the head office and principal place of business of the Applicant are located in British Columbia;
3. the Applicant became a member of the IDA on May 18, 2000, is registered as an investment dealer in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Newfoundland, P.E.I. and New Brunswick and has applied for registration as an investment dealer in the Province of Nova Scotia;
4. the Applicant is a wholly-owned subsidiary of Qtrade Canada Inc.;
5. the Applicant carries on business as a "discount broker" providing trade execution services to its clients;
6. the Applicant operates independently using its own letterhead, accounts, registered representatives and account documentation;
7. the Applicant does not compensate its Registered Representatives on the basis of transactional values;
8. the Account Application Form used by the Applicant since it commenced carrying on business in May, 2000 requires that prospective clients:
 - (a) acknowledge that the Applicant will not provide any advice relating to the suitability or profitability of a security or investment; and

- (b) indicate whether they acknowledge and confirm that their trades will not be reviewed for suitability by the Applicant;
9. since it commenced carrying on business the Applicant has rejected every application received by it from a prospective client who has failed or declined to provide the acknowledgments referred to in paragraph 8(a) and (b);
10. prospective clients and clients who request that the Applicant or its Registered Representatives provide advice or recommendations regarding the purchase or sale of any security or advice as to the suitability of a proposed purchase or sale of a security are now and have been, since the Applicant commenced carrying on business, referred to a third-party full service investment dealer;
11. although the Applicant has only opened accounts for clients who have provided the acknowledgments described in paragraph 8(a) and (b) above, the Applicant is now and has been, since the Applicant commenced carrying on business, in compliance with the Suitability Requirements;
12. except as required by the Suitability Requirements, the Applicant does not provide its clients with investment advice or recommendations and does not process trades for clients who request such advice or recommendations and has adopted policies and procedures to ensure the Applicant and its Registered Representatives do not, except as required by the Suitability Requirement, and will not provide advice or recommendations regarding the purchase or sale of any security; and
13. in the absence of this Decision, the Applicant must continue to comply with the Suitability Requirements notwithstanding that each of the Applicant's clients has acknowledged and confirmed that its trades not be reviewed for suitability by the Applicant;

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 Applicant and its Registered Representatives provided:

1. the Registered Representatives do not provide any advice or recommendations regarding the purchase or sale of any security;
2. clients who request that the Applicant or its Registered Representatives provide advice or recommendations or advice as to suitability are referred to a full service dealer;

3. the Applicant does not compensate its Registered Representatives on the basis of transactional values;
4. each existing client of the Applicant is advised of the Decision and requested to re-confirm and acknowledge that, effective immediately:
 - (a) no advice or recommendation will be provided by the Applicant or its Registered Representatives regarding the purchase or sale of any security; and
 - (b) the Applicant 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;(paragraphs 4(a) and (b) above being hereinafter referred to as the "Existing Client Acknowledgment");
5. the Existing Client Acknowledgment 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 Applicant, including the significance of the Applicant 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;
6. the Applicant will continue to comply with the Suitability Requirements in connection with servicing an existing client until the earlier of the date it receives a completed Existing Client Acknowledgment from the client and the date that is two months from the date of this Decision (the "Client Acknowledgment Date");
7. if an existing client of the Applicant declines or fails to provide an Existing Client Acknowledgment by the end of the day of the Client Acknowledgment Date, the Applicant will immediately thereafter advise the existing client that they have the option of transferring, at no cost to them, their account(s) to a full service dealer (the "Account Transfer Option") and the Applicant will no longer permit transactions in the account of such client unless the transaction is a transfer of assets to another account to facilitate the exercise of the Account Transfer Option;
8. prior to opening an account with the Applicant, each prospective client of the Applicant is advised of the Decision and, prior to the Applicant servicing such prospective client, acknowledges that:
 - (a) no advice or recommendation will be provided by the Applicant or its Registered Representatives regarding the purchase or sale of any security; and
 - (b) the Applicant 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;

(paragraphs 8(a) and (b) above being hereinafter referred to as the "Prospective Client Acknowledgment");

9. the Prospective Client Acknowledgment 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 Applicant, including the significance of the Applicant 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;
10. evidence of all Existing Client Acknowledgements, Prospective Client Acknowledgements and notifications of the Account Transfer Option is established and retained pursuant to the record keeping requirements of the Legislation and the IDA;
11. the Applicant accurately identifies and distinguishes client accounts for which an Existing Client Acknowledgment or Prospective Client Acknowledgment has been provided and client accounts for which no Existing Client Acknowledgment has been provided;
12. for any existing client who elects to exercise the client's Account Transfer Option, the Applicant transfers such account(s) to another full-service dealer in an expeditious manner and at no cost to the client; 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.

January 22, 2001.

Ross P. McLennan
Director, Registration

THE DECISION of the Decision Makers other than Nova Scotia and Newfoundland, is that the IDA Suitability Requirements do not apply to the Applicant and its Registered Representatives provided:

1. the Registered Representatives do not provide any advice or recommendations regarding the purchase or sale of any security;
2. clients who request that the Applicant or its Registered Representatives provide advice or recommendations or advice as to suitability are referred to a full service dealer;
3. the Applicant does not compensate its Registered Representatives on the basis of transactional values;
4. each existing client of the Applicant is advised of the Decision and requested to make, effective immediately, an Existing Client Acknowledgment;
5. the Existing Client Acknowledgment 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 Applicant, including the significance of the Applicant 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;
6. the Applicant will continue to comply with the Suitability Requirements in connection with servicing an existing client until the earlier of the date it receives a completed Existing Client Acknowledgment from the client and the date that is two months from the date of this Decision (the "Client Acknowledgment Date");
7. if an existing client of the Applicant declines or fails to provide an Existing Client Acknowledgment by the end of the day of the Client Acknowledgment Date, the Applicant will immediately thereafter advise the existing client that they have the option of transferring, at no cost to them, their account(s) to a full service dealer (the "Account Transfer Option") and the Applicant will no longer permit transactions in the account of such client unless the transaction is a transfer of assets to another account to facilitate the exercise of the Account Transfer Option;
8. prior to opening an account with the Applicant, each prospective client of the Applicant is advised of the Decision and, prior to the Applicant servicing such prospective client, makes a Prospective Client Acknowledgment;
9. the Prospective Client Acknowledgment 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 Applicant, including the significance of the Applicant 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;

10. evidence of all Existing Client Acknowledgements, Prospective Client Acknowledgements and notifications of the Account Transfer Option is established and retained pursuant to the record keeping requirements of the Legislation and the IDA;
11. the Applicant accurately identifies and distinguishes client accounts for which an Existing Client Acknowledgment or Prospective Client Acknowledgement has been provided and client accounts for which no Existing Client Acknowledgement has been provided;
12. for any existing client who elects to exercise the client's Account Transfer Option, the Applicant transfers such account(s) to another full-service dealer in an expeditious manner and at no cost to the client; and
13. if an IDA rule addressing the IDA Suitability Requirements comes into effect, the Decision with respect to the IDA Suitability Requirements will terminate one year following the date such rule comes into force, unless the Decision Maker determines otherwise.

January 22, 2001.

Ross P. McLennan
Director, Registration

2.1.16 Bayerische Landesbank Girozentrale - MRRS Decision

Headnote

MRRS - Underwriter and advisor registration relief for Schedule III Bank - prospectus and registration relief for trades where Schedule III bank purchasing as principal and first trade relief for Schedule III bank - prospectus and registration relief for trades of bonds, debentures and other evidences of indebtedness of a guaranteed by Schedule III Bank provided trades involve only specified purchases - prospectus and registration relief for evidences of deposits issued by Schedule III bank to specified purchases - fee relief for trades made in reliance on Decision.

Section 80 of the Commodity Futures Act - relief for Schedule III bank from requirement to register as an adviser where the performance of the service is incidental to principal banking business.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., 25(1)(a)&(c), 34(a), 35(1)(3)(i), 35(2)1(c), 53(i), 72(1)(a)(i), 73(1)(a), 74(1), 147.

Commodity Futures Act, R.S.O. 1990, c.S.20, as am., sections 22(1)(b), 80.

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., s. 151, 206, 218. Schedule 1 Section 28.

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

AND

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

AND

**IN THE MATTER OF
BAYERISCHE LANDESBANK GIROZENTRALE**

MRRS DECISION DOCUMENT

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

Newfoundland and Labrador, Northwest Territories, Nunavut Territory and Yukon Territory (the "Jurisdictions") has received an application (the "Application") from Bayerische Landesbank Girozentrale (the "Bank") for a decision pursuant to the securities legislation of the Participating Jurisdictions (the "Legislation") that the Bank is exempt from various registration, prospectus and filing requirements of the Legislation in connection with the banking activities to be carried on by Bank in the Jurisdictions;

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 Bank to the Decision Makers that:

1. The Bank is a public law institution created by statute to serve as the state bank of the Free State of Bavaria ("Bavaria"), a state (Land) of the Federal Republic of Germany, and as the central credit institution for the municipalities and other local public authorities in Bavaria and for the Bavarian savings banks organized under public law. The Bank is currently the second largest German landesbank and the sixth largest bank in Germany in terms of total consolidated assets. The Bank has maintained a presence in Canada since 1977 through a representative office;
2. The Bank has submitted, through the Office of the Superintendent of Financial Institutions (Canada) ("OSFI"), a draft application to the Minister of Finance (Canada) (the "Minister") for an order pursuant to subsection 524(1) of the Bank Act permitting the Bank to establish a full-service Canadian Branch. OSFI has reviewed the draft application and supporting materials and, pursuant to subsection 525(2) of the Bank Act, authorized the Bank to publish notice of its intention to apply for an order pursuant to subsection 524(1) of the Bank Act. The notices have been published in the Canada Gazette and The Globe and Mail newspaper, and the objection period within which a person may object to the issuance of the subsection 524(1) order will expire on December 25, 2000. A formal application, by letter, for the Minister's order will be made forthwith thereafter. It is anticipated that the Minister's order pursuant to subsection 524(1) of the Bank Act will be made in early January 2001. Following a commencement review by OSFI thereafter, it is anticipated that an order of the Superintendent of Financial Institutions (Canada) pursuant to subsection 534(1) authorizing the Bank to commence and carry on business in Canada through its Canadian Branch will be made in mid to late January 2001.
3. The key businesses of the Bank in Canada will be to provide wholesale deposit-taking, commercial lending and corporate finance advisory services and related treasury functions to corporate clients, and to governments at the municipal, provincial and federal levels as well as Crown agencies. The Bank will source participants and act as agent bank in syndicated loan transactions;
4. Local treasury operations of the Bank will provide funding and liquidity for the lending activities of the Bank in Canada, and will engage in proprietary risk taking activities including interest rate and currency trading. The treasury function will also manage the investment portfolio of the Bank holding government and corporate debt and the use of derivative products as asset/liability management tools.
5. The Bank will be an active participant in the overnight interbank market, and will accept term deposits from major Canadian and multi-national corporations and will derive a portion of its funding from brokered deposits. Subject to the deposit restrictions described in paragraph 9 below, these deposits will be evidenced by certificates of deposit registered in the holder's name, bearer deposit notes or printed confirmations addressed to the depositor.
6. The Bank will participate in the primary and secondary market in the following money market products: commercial paper, certificates of deposit, repurchase agreements and bankers' acceptances;
7. The advising activities which the Bank will undertake will be incidental to its primary business and it will not advertise itself as an adviser or allow itself to be advertised as an adviser in the Jurisdictions;
8. The Bank will engage in foreign exchange trading, interest arbitrage/swaps and derivatives/options trading (derivatives/options trading to be only on customers' orders);
9. The Bank will only accept deposits from the following:
 - (a) Her Majesty in right of Canada or in right of a province or territory, an agent of Her Majesty in either of those rights and includes a municipal or public body empowered to perform a function of government in Canada, or an entity controlled by Her Majesty in either of those rights;
 - (b) the government of a foreign country or any political subdivision thereof, an agency of the government of a foreign country or any political subdivision thereof, or an entity that is controlled by the government of a foreign country or any political subdivision thereof;
 - (c) an international agency of which Canada is a member, including an international agency that is a member of the World Bank Group, the Inter American Development Bank, the Asian Development Bank, the Caribbean Development Bank and the European Bank for Reconstruction and Development and any other international regional bank;
 - (d) a financial institution (i.e.: (a) a bank or an authorized foreign bank under the Bank Act; (b) a body corporate to which the *Trust and Loan Companies Act* (Canada) applies; (c) an association to which the *Cooperative Credit Association Act* (Canada) applies; (d) an

insurance company or a fraternal benefit society to which the *Insurance Companies Act* (Canada) applies; (e) a trust, loan or insurance corporation incorporated by or under an Act of the legislature of a province; (f) a cooperative credit society incorporated and regulated by or under an Act of the legislature of a province or territory in Canada; (g) an entity that is incorporated or formed by or under an Act of Parliament or of the legislature of a province or territory in Canada and that is primarily engaged in dealing in securities, including portfolio management and investment counseling, and is registered to act in such capacity under the applicable Legislation; and (h) a foreign institution that is (i) engaged in the banking, trust, loan or insurance business, the business of a cooperative credit society or the business of dealing in securities or is otherwise engaged primarily in the business of providing financial services, and (ii) is incorporated or formed otherwise than by or under an Act of Parliament or of the legislature of a province or territory in Canada);

- (e) a pension fund sponsored by an employer for the benefit of its employees or employees of an affiliate that is registered and has total plan assets under administration of greater than \$100 million;
- (f) a mutual fund corporation that is regulated under an Act of the legislature of a province or territory in Canada or under the laws of any other jurisdiction and has total assets under administration of greater than \$10 million;
- (g) an entity (other than an individual) that has for the fiscal year immediately preceding the initial deposit, gross revenues on its own books and records of greater than \$5 million; or
- (h) any other person if the trade is in a security which has an aggregate acquisition cost to the purchaser of greater than \$150,000;

collectively referred to for purposes of this Decision Document as "Authorized Purchasers";

- 10. The Canadian Branch of Bayerische will engage in foreign exchange advisory activities in respect of such activities as hedging arrangements and management of exchange rates;
- 11. In June of 1999 amendments to the Bank Act were proclaimed that permit foreign commercial banks, to establish direct branches in Canada. These amendments have created a new Schedule III listing foreign banks permitted to carry on banking activities through branches in Canada;
- 12. The Legislation applicable in each Jurisdiction refers to either "Schedule I and Schedule II banks", "banks", "savings institutions" or "financial institutions" in connection with certain exemptions; however no

reference is made in any of the Legislation to entities listed on Schedule III to the Bank Act;

- 13. In order to ensure that the Bank, as an entity listed on Schedule III to the Bank Act, is able to provide banking services to businesses in the Jurisdictions it requires similar exemptions enjoyed by banking institutions incorporated under the Bank Act to the extent that the current exemptions applicable to such banking institutions are relevant to the banking business to be undertaken by the Bank in the Jurisdictions;

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 in connection with the banking business to be carried on by the Bank in the Jurisdictions:

- 1. The Bank is exempt from the requirement under the Legislation, where applicable, to be registered as an underwriter with respect to trading in the same types of securities that an entity listed on Schedule I or II to the *Bank Act* (Canada) may act as an underwriter in respect of without being required to be registered under the Legislation as an underwriter;
- 2. The Bank is exempt from the requirement under the Legislation to be registered as an adviser where the performance of the service as an adviser is solely incidental to its primary banking business;
- 3. A trade of a security to the Bank where the Bank purchases the security as principal shall be exempt from the registration and prospectus requirements of the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation") provided that:
 - (i) the forms that would have been filed and the fees that would have been paid under the Applicable Legislation if the trade had been made, on an exempt basis, to an entity listed on Schedule I or II to the Bank Act purchasing as principal (referred to in this Decision as a "Schedule I or II Bank Exempt Trade") are filed and paid in respect of the trade to the Bank; and
 - (ii) the first trade in a security acquired by the Bank pursuant to this Decision is deemed a distribution (or primary distribution to the public) under the Applicable Legislation unless:
 - (a) the issuer of the security is a reporting issuer, or the equivalent, under the Applicable Legislation and, if the Bank is in a special relationship (where such term is defined in the Applicable Legislation) with such issuer, the Bank has reasonable grounds to believe that such

issuer is not in default of any requirements of the Applicable Legislation;

equivalent, under the Applicable Legislation, whichever is later; and

- (b) (i) the securities are listed and posted for trading on a stock exchange, that is recognized by the Decision Maker of the applicable Jurisdiction for purposes of the resale of a security acquired in a Schedule I or II Bank Exempt Trade and comply with the requirements set out in paragraph (a) or (b) of Appendix A to this Decision and have been held at least six months from the date of the initial exempt trade to the Bank or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is the later, or
- (ii) the securities are bonds, debentures or other evidences of indebtedness issued or guaranteed by an issuer or are preferred shares of an issuer and comply with the requirements set out in paragraph (a) or (c) of Appendix A to this Decision and have been held at least six months from the date of the initial exempt trade to the Bank or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is the later, or
- (iii) the securities are listed and posted for trading on a stock exchange, that is recognized by the Decision Maker of the applicable Jurisdiction for purposes of resale of a security acquired in a Schedule I or II Bank Exempt Trade or are bonds, debentures or other evidences of indebtedness issued or guaranteed by the reporting issuer, or the equivalent, under the Applicable Jurisdiction whose securities are so listed, and have been held at least one year from the date of the initial exempt trade to the Bank or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is later, or
- (iv) the securities have been held at least eighteen months from the date of the initial exempt trade to the Bank or the date the issuer became a reporting issuer, or the

- (c) The Bank files a report within 10 days of the trade prepared and executed in accordance with the requirements of the Applicable Legislation that would apply to a Schedule I or II Bank Exempt Trade,

provided that no unusual effort is made to prepare the market or to create a demand for such securities and no extraordinary commission or consideration is paid in respect of such trade and provided the Bank does not hold a sufficient number of securities to materially affect the control of the issuer of such securities but any holding by the Bank of more than 20 percent of the outstanding voting securities of the issuer of such securities shall, in the absence of evidence to the contrary, be deemed to affect materially the control of such issuer;

4. Provided the Bank only trades the types of securities referred to in this paragraph 4 with Authorized Purchasers, trades of bonds, debentures or other evidences of indebtedness of or guaranteed by the Bank shall be exempt from the registration and prospectus requirements of the Legislation; and
5. Evidences of deposit issued by the Bank to Authorized Purchasers shall be exempt from the registration and prospectus requirements of the Legislation.

THE FURTHER DECISION of the Decision Maker in Ontario is that:

- A. Subsection 25(1)(a) of the *Securities Act* (Ontario) R.S.O. 1990 c. S.5 (as amended) (the "Ontario Act") does not apply to a trade by the Bank:
- (i) of a type described in subsection 35(1) of the Act or section 151 of the regulations made under the Ontario Act; or
- (ii) in securities described in subsection 35(2) of the Ontario Act; and
- B. Except as provided for in paragraph 3 of this Decision, section 28 of Schedule I to the Regulations made under the Ontario Act shall not apply to trades made by the Bank in reliance on this Decision.

February 6, 2001.

"Howard I. Wetston"

"John A. Geller"

APPENDIX A

- (a) are preferred shares of a corporation if,
 - (i) the corporation has paid a dividend in each of the five years immediately preceding the date of the initial exempt trade at least equal to the specified annual rate upon all of its preferred shares, or
 - (ii) the common shares of the corporation are, at the date of the initial exempt trade, in compliance with paragraph (b) of this Appendix A;
- (b) are fully paid common shares of a corporation that during a period of five years that ended less than one year before the date of the initial exempt trade has either,
 - (i) paid a dividend in each such year upon its common shares, or
 - (ii) had earnings in each such year available for the payment of a dividend upon its common shares, of at least 4% of the average value at which the shares were carried in the capital stock account of the corporation during the year in which the dividend was paid or in which the corporation had earnings available for the payment of dividends as the case may be;
- (c) are bonds, debentures or other evidences of indebtedness issued or guaranteed by,
 - (i) a corporation if, at the date of the initial exempt trade, the preferred shares or the common shares of the corporation which comply with paragraph (a) or (b) of this Appendix A, or
 - (ii) a corporation if its earnings in a period of five years ended less than one year before the date of the initial exempt trade have been equal in sum total to at least ten times and in each of any four of the five years have been equal to at least 1-1/2 times the annual interest requirements at the date of the initial exempt trade on all indebtedness of or guaranteed by it, other than indebtedness classified as a current liability in its balance sheet, and, if the corporation at the date of the initial exempt trades owns directly or indirectly more than 50% of the common shares of another corporation, the earnings of the corporations during the said period of five years may be consolidated with due allowance for minority interests, if any, and in that event the interest requirements of the corporation shall be consolidated and such consolidated earnings and consolidated interest requirements shall be taken as the earnings and interest requirements of the corporation, and, for the purpose of this subclause, "earnings" mean earnings available to meet interest charges on indebtedness other than indebtedness classified as a current liability.

2.1.17 Beau Canada Exploration Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - corporation deemed to have ceased to be a reporting issuer after all of its 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, SASKATCHEWAN, ONTARIO,
QUÉBEC, NEW BRUNSWICK, NOVA SCOTIA, AND
NEWFOUNDLAND**

AND

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

AND

**IN THE MATTER OF
BEAU CANADA EXPLORATION LTD.**

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario, Québec, New Brunswick, Nova Scotia, and Newfoundland (the "Jurisdictions") has received an application from Beau Canada Exploration Ltd. ("Beau Canada") that Beau Canada be deemed to have ceased to be a reporting issuer or the equivalent under the Legislation;
2. **AND WHEREAS** pursuant to the Mutual Reliance Review Systems For Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the Principal Regulator for this application.
3. **AND WHEREAS** it has been represented by Beau Canada that:
 - 3.1 Beau Canada was formed on May 14, 1991 pursuant to the *Canada Business Corporations Act*;
 - 3.2 The authorized capital of Beau Canada consists of an unlimited number of common shares (the "Common Shares") of which 94,922,238 are issued and outstanding and an unlimited number of preferred shares without nominal or par value, none of which are issued and outstanding;
 - 3.3 Beau Canada is a reporting issuer or the equivalent in each of the Jurisdictions;

- 3.4 Beau Canada is not in default of any of its obligations as a reporting issuer or the equivalent under the Legislation;
 - 3.5 Pursuant to an Offer to Purchase dated October 12, 2000 and a subsequent compulsory acquisition, Murphy Acquisition Company Ltd. ("Murphy") became the holder of the all issued and outstanding Common Shares;
 - 3.6 Murphy is the sole registered securityholder of Beau Canada and there are no securities, including debt obligations, currently issued and outstanding other than the Common Shares;
 - 3.7 The Common Shares were delisted from The Toronto Stock Exchange on November 13, 2000 and there are no securities of Beau Canada listed on any stock exchange or traded over the counter in Canada or elsewhere;
 - 3.8 Beau Canada does not intend to seek public financing by way of an offering of securities.
4. **AND WHEREAS** pursuant to the System this Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
 5. **AND WHEREAS** each of the Decision Makers is satisfied that tests contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
 6. **THE DECISION** of the Decision Makers under the Legislation is that Beau Canada is deemed to have ceased to be a reporting issuer or the equivalent under the Legislation.

DATED at Calgary, Alberta this 29th day of January, 2001.

Patricia M. Johnston
Director, Legal Services & Policy Development

2.2 Orders

2.2.1 Platexco Inc. - s. 83

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

AND

**IN THE MATTER OF
PLATEXCO INC.**

**ORDER
(Section 83 of the Act)**

WHEREAS Platexco Inc. (the "Applicant") has applied to the Commission for an order pursuant to section 83 of the Act;

AND UPON it being represented to the Commission that the Applicant now has only one security holder;

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

IT IS ORDERED pursuant to section 83 of the Act that the Applicant is deemed to have ceased to be a reporting issuer for the purposes of the Act.

February 1, 2001.

"John Hughes"
Manager, Corporate Finance

2.2.2 Crystallex International Corp. - s. 147

Headnote

Section 147 – relief granted from the requirement that a period of ten days elapse between the issuance of a receipt for a preliminary prospectus and the issuance of a receipt for a (final) prospectus

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am, ss. 65(1), 147.

Rules Cited

National Instrument 44-101 – Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867.

**IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, C.S.5, as amended (the "Act")**

AND

**IN THE MATTER OF
CRYSTALLEX INTERNATIONAL CORPORATION**

**ORDER
(Section 147)**

WHEREAS Crystallex International Corporation (the "Applicant") filed a preliminary prospectus dated January 2, 2001 (the "Preliminary Prospectus") in accordance with National Instrument 44-101 -- *Short Form Prospectus Distributions* (the "Short Form Rule") relating to the qualification of 1,025,000 common shares and 1,025,000 common share purchase warrants issuable upon the exercise of 1,025,000 special warrants of the Applicant and received a receipt therefor dated January 2, 2001;

AND WHEREAS the Applicant filed a (final) prospectus dated January 8, 2001 (the "Prospectus") in accordance with the Short Form Rule and is desirous of receiving a receipt therefor dated January 8, 2001;

AND WHEREAS the Short Form Rule may not provide for relief from the requirement contained in subsection 65(1) of the Act that a period of ten days elapse between the issuance by the Director of a receipt for a preliminary prospectus relating to the offering of a security and the issuance of a receipt for a (final) prospectus;

AND WHEREAS the Applicant has applied to the Ontario Securities Commission (the "Commission") for an order pursuant to section 147 of the Act that it be exempt from such Waiting Period Requirement;

AND WHEREAS the Commission has considered the application and the recommendation of staff to the Commission and is satisfied that to do so would not be prejudicial to the public interest

IT IS ORDERED pursuant to section 147 of the Act that:

- (a) the Applicant is exempt from the requirement that a period of ten days elapse between the issuance by the Director of a receipt for the Preliminary Prospectus and the issuance of a receipt for the Prospectus; and
- (b) that the Applicant be exempt from the requirement under the Act to pay fees in connection with the making of this application.

January 8, 2001.

"David Brown"

"J.A. Geller"

2.2.3 Algonquin Power Income Fund - s. 147

Headnote

Section 147 – relief granted from the requirement that a period of ten days elapse between the issuance of a receipt for a preliminary prospectus and the issuance of a receipt for a (final) prospectus

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am, ss. 65(1), 147.

Rules Cited

National Instrument 44-101 – Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867.

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

AND

**IN THE MATTER OF ALGONQUIN POWER INCOME
FUND**

**ORDER
(Section 147)**

WHEREAS Algonquin Power Income Fund (the "Applicant") filed a preliminary prospectus dated January 11, 2001 (the "Preliminary Prospectus") in accordance with National Instrument 44-101 -- *Short Form Prospectus Distributions* (the "Short Form Rule") relating to the distribution of 5,100,000 trust units of the Applicant and received a receipt therefor dated January 11, 2001;

AND WHEREAS the Applicant intend to file a (final) prospectus (the "Prospectus") in accordance with the Short Form Rule prior to January 21, 2001 and is desirous of receiving a receipt therefor forthwith;

AND WHEREAS the Short Form Rule may not provide for relief from the requirement contained in subsection 65(1) of the Act that a period of ten days elapse between the issuance by the Director of a receipt for a preliminary prospectus relating to the offering of a security and the issuance of a receipt for a (final) prospectus;

AND WHEREAS the Applicant has applied to the Ontario Securities Commission (the "Commission") for an order pursuant to section 147 of the Act that it be exempt from such Waiting Period Requirement;

AND WHEREAS the Commission has considered the application and the recommendation of staff to the Commission and is satisfied that to do so would not be prejudicial to the public interest;

IT IS ORDERED pursuant to section 147 of the Act that:

- (a) the Applicant is exempt from the requirement that a period of ten days elapse between the issuance by the Director of a receipt for the Preliminary Prospectus and the issuance of a receipt for the Prospectus; and
- (b) that the Applicant be exempt from the requirement under the Act to pay fees in connection with the making of this application.

January 16, 2001.

"R. Stephen Paddon"

"J.A. Geller"

2.2.4 Medisolution Ltd. - s. 147

Headnote

Section 15.1 of Rule 41-501 - relief from certain requirements of Rule 41-501 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Subsection 5.1(1) of National Instrument 41-101 – relief from requirements of 41-101 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101.

Section 147 – relief from the requirement that a period of ten days elapse between the issuance of a receipt for a preliminary prospectus and the issuance of a receipt for (final) prospectus

Paragraph 80(b)(iii) – relief from the requirement to mail annual comparative financial statements concurrently with the filing of such financial statements, subject to conditions

Subsection 59(2) of Schedule I – waiver of fees.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am, ss. 65(1), 78, 79, 80(b)(iii), 147.

Regulation Cited

Schedule I to General Regulation, Ont. Reg. 1015 R.R.O 1990, as am., s.59(2).

Rules Cited

National Instrument 41-101 Prospectus Disclosure Requirements (2000) 23 OSCB (Supp) 759.

Commission Rule 41-501 General Prospectus Requirements (2000) 23 OSCB (Supp) 765.

National Instrument 44-101 Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867.

**IN THE MATTER OF
THE SECURITIES ACT R.S.O. 1990, C.S.5, AS AMENDED
(the "Act"),
ONTARIO REGULATION 1015, R.R.O. 1990, AS
AMENDED
(the "Regulation")
NI 44-101 SHORT FORM PROSPECTUS DISCLOSURE
(the "Short Form Rule"),
NI 41-101 PROSPECTUS DISCLOSURE REQUIREMENTS
(the "Disclosure Rule")
and COMMISSION RULE 41-501
GENERAL PROSPECTUS REQUIREMENTS
(the "General Prospectus Rule")**

AND

**IN THE MATTER OF
MEDISOLUTION LTD.**

ORDER AND DECISION
(Section 147 and Paragraph 80(b)(iii) of the Act,
Section 15.1 of the General Prospectus Rule,
Subsection 5.1(1) of the Disclosure Rule and
Subsection 59(2) of Schedule I to the Regulation)

WHEREAS MediSolution Ltd. (the "Applicant") filed a preliminary prospectus dated January 15, 2001 (the "Preliminary Prospectus") in accordance with the Short Form Rule relating to the qualification of 3,075,000 common shares (the "Offering") and received a receipt therefor dated January 22, 2001;

AND WHEREAS the Applicant intends to file a (final) prospectus (the "Prospectus") in accordance with the Short Form Rule and is desirous of receiving a receipt therefor forthwith;

AND WHEREAS the Applicant has applied for certain relief from the provisions of the Act, the Disclosure Rule and the General Prospectus Rule and for relief from the requirement to pay fees in connection with such application;

AND WHEREAS pursuant to an assignment dated April 12, 1999, as amended on September 7, 1999, February 15, 2000 and January 23, 2001, the Commission assigned certain of its powers and duties under the Act to each "Director", as that term is defined in subsection 1(1) of the Act;

AND WHEREAS on April 12, 1999 the Executive Director issued a determination and designation which designated, *inter alia*, each Manager in the Corporate Finance Branch of the Commission as a "Director" for the purposes of subsection 1(1) of the Act;

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

IT IS HEREBY DECIDED pursuant to section 15.1 of the General Prospectus Rule that the General Prospectus Rule, other than section 13.9 thereof, does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS FURTHER DECIDED pursuant to subsection 5.1(1) of the Disclosure Rule that the Disclosure Rule does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS HEREBY ORDERED pursuant to section 147 of the Act that the Offering is exempt from the requirement contained in subsection 65(1) of the Act that a period of ten days elapse between the issuance by the Director of a receipt for the Preliminary Prospectus and the issuance of a receipt for the Prospectus;

AND IT IS FURTHER ORDERED pursuant to paragraph 80(b)(iii) of the Act that section 79 of the Act does not apply to the Applicant insofar as it requires the Applicant to send financial statements filed under section 78 of the Act to each holder of its securities concurrently with their filing, if:

- (a) the Applicant files those financial statements earlier than 140 days from the end of its last financial year because it is required to do so, in

connection with the Offering, by the Short Form Rule; and

- (b) the financial statements are sent within the time period specified in the Act for filing;

AND IT IS HEREBY DECIDED pursuant to subsection 59(2) of Schedule I to the Regulation that the Applicant be exempt from the requirement under the Act to pay fees in connection with the making of this application.

January 25, 2001.

"Iva Vranic"

2.2.5 Sears Canada Inc. - s. 147

Headnote

Section 15.1 of Rule 41-501 - relief from certain requirements of Rule 41-501 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101

Subsection 5.1(1) of National Instrument 41-101 – relief from requirements of 41-101 where preliminary prospectus and prospectus filed in accordance with National Instrument 44-101

Section 147 – relief from the requirement that a period of ten days elapse between the issuance of a receipt for a preliminary prospectus and the issuance of a receipt for (final) prospectus

Paragraph 80(b)(iii) – relief from the requirement to mail annual comparative financial statements concurrently with the filing of such financial statements, subject to conditions

Subsection 59(2) of Schedule I – waiver of fees

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5. as am, ss. 65(1), 78, 79, 80(b)(iii), 147.

Regulation Cited

Schedule I to General Regulation, Ont. Reg. 1015 R.R.O 1990, as am., s.59(2).

Rules Cited

National Instrument 41-101 Prospectus Disclosure Requirements (2000) 23 OSCB (Supp) 759.

Commission Rule 41-501 General Prospectus Requirements (2000) 23 OSCB (Supp) 765.

National Instrument 44-101 Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 867.

National Instrument 44-102 Shelf Distributions (2000) 23 OSCB (Supp) 985.

**IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, C.S.5, AS AMENDED (the "Act"),
ONTARIO REGULATION 1015, R.R.O. 1990, AS
AMENDED
(the "Regulation")
NI 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS
(the "Short Form Rule")
NI 41-101 PROSPECTUS DISCLOSURE REQUIREMENTS
(the "Disclosure Rule")
and COMMISSION RULE 41-501 GENERAL
PROSPECTUS REQUIREMENTS
(the "General Prospectus Rule")**

AND

**IN THE MATTER OF
SEARS CANADA INC.**

**ORDER AND DECISION
(Section 147 and Paragraph 80(b)(iii) of the Act,
Section 15.1 of the General Prospectus Rule,
Subsection 5.1(1) of the Disclosure Rule and
Subsection 59(2) of Schedule I to the Regulation)**

WHEREAS Sears Canada Inc. (the "Applicant") filed a preliminary prospectus dated January 31, 2001 (the "Preliminary Prospectus") in accordance with the Short Form Rule and National Instrument 44-102 Shelf Distributions (the "Shelf Rule") relating to the qualification of medium term notes in the aggregate amount of \$500,000,000 (the "Offering") and received a receipt therefor dated February 2, 2001;

AND WHEREAS the Applicant intends to file a (final) prospectus (the "Prospectus") in accordance with the Short Form Rule and the Shelf Rule and is desirous of receiving a receipt therefor forthwith;

AND WHEREAS the Applicant has applied for certain relief from the provisions of the Act, the Disclosure Rule and the General Prospectus Rule and for relief from the requirement to pay fees in connection with such application;

AND WHEREAS pursuant to an assignment dated April 12, 1999, as amended on September 7, 1999, February 15, 2000 and January 23, 2001, the Commission assigned certain of its powers and duties under the Act to each "Director", as that term is defined in subsection 1(1) of the Act;

AND WHEREAS on April 12, 1999 the Executive Director issued a determination and designation which designated, *inter alia*, each Manager in the Corporate Finance Branch of the Commission as a "Director" for the purposes of subsection 1(1) of the Act;

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

IT IS HEREBY DECIDED pursuant to section 15.1 of the General Prospectus Rule that the General Prospectus Rule, other than section 13.9 thereof, does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS FURTHER DECIDED pursuant to subsection 5.1(1) of the Disclosure Rule that the Disclosure Rule does not apply to the Preliminary Prospectus and the Prospectus;

AND IT IS HEREBY ORDERED pursuant to section 147 of the Act that the Offering is exempt from the requirement contained in subsection 65(1) of the Act that a period of ten days elapse between the issuance by the Director of a receipt for the Preliminary Prospectus and the issuance of a receipt for the Prospectus;

AND IT IS FURTHER ORDERED pursuant to paragraph 80(b)(iii) of the Act that section 79 of the Act does not apply to the Applicant insofar as it requires the Applicant to send financial statements filed under section 78 of the Act to each holder of its securities concurrently with their filing, if:

- (a) the Applicant files those financial statements earlier than 140 days from the end of its last financial year because it is required to do so, in connection with the Offering, by the Short Form Rule; and
- (b) the financial statements are sent within the time period specified in the Act for filing;

AND IT IS HEREBY DECIDED pursuant to subsection 59(2) of Schedule I to the Regulation that the Applicant be exempt from the requirement under the Act to pay fees in connection with the making of this application.

February 6, 2001.

"Margo Paul"

2.2.6 Odyssey Resources Ltd. - s. 147

Headnote

Section 147 -- order exempting issuer from minimum net proceeds requirement in section 11.4 of Ontario Securities Commission Policy 5.2 in respect of a private placement with net proceeds of less than \$0.20 per share.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as amended, s. 147.

Rules Cited

Ontario Securities Commission Policy 5.2 -- Junior Natural Resource Issuers, s.11.4.

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

AND

**IN THE MATTER OF
ODYSSEY RESOURCES LIMITED**

ORDER

WHEREAS Odyssey Resources Limited (the "Corporation") has applied to the Ontario Securities Commission (the "Commission") pursuant to section 147 of the Act (the "Application") for an order of the Commission exempting the Corporation from the requirements set forth in section 11.4 of Commission Policy 5.2 -- Junior Natural Resource Issuers ("OSC Policy 5.2") which section 11.4 requires minimum net proceeds pursuant to a private placement of the Corporation of at least \$0.20 per share;

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

AND UPON it being represented to the Commission that:

1. The Corporation was incorporated by certificate of incorporation on December 20, 1994 under the *Companies Act* of Barbados. The Corporation is a reporting issuer in each of the provinces of Ontario, British Columbia and Alberta. The Corporation was not, as at January 22, 2001, on the list of defaulting issuers maintained pursuant to section 72(9) of the Act.
2. The authorized capital of the Corporation consists of an unlimited number of common shares (the "Common Shares"). As at January 12, 2001, 15,539,086 Common Shares were issued and outstanding. The Common Shares are listed for trading on the Canadian Venture Exchange Inc. (the "CDNX"). The Common Shares traded on the CDNX from October 1, 2000 through January 19, 2001 in a range from \$0.03 to \$0.08.

3. The Corporation intends to complete a private placement of units (the "Units") at a price of between \$0.10 to \$0.15 (the "Offering Price") per Unit (the "Offering"). Each Unit is comprised of one Common Share and one-half of one Common Share purchase warrant. Each whole Common Share purchase warrant is exercisable into one Common Share at a price of \$0.20 per Common Share at any time prior to 5:00 p.m. (Toronto time) on the date that is one year following the date of issuance.
4. A minimum of 3,000,000 Units and a maximum of 6,667,000 Units are proposed to be issued for aggregate proceeds to the Corporation of between \$300,000 to \$1,000,000. More than 50% of the Units being sold are proposed to be purchased by placees who are at arm's length with the Corporation.
5. As at September 30, 2000, the Corporation had total current assets of US\$17,351 and total current liabilities of US\$97,429. The successful completion of the Offering will cause an increase in the working capital account of the Corporation. The Offering provides to the Corporation a means to recover from its recent negative financial circumstances.
6. The Offering Price is greater than the average market price of the Common Shares on the CDNX as evidenced by trades effected through the facilities of the CDNX from October 1, 2000 to January 21, 2001. An offering of Common Shares above \$0.20 would have no reasonable expectation of success, based on the current trading averages of the Common Shares.
7. As the Common Shares are listed on the CDNX, the Corporation will be subject to the requirements set forth in the CDNX corporate finance manual.
8. OSC Policy 5.2 provides at section 11.4 that any private placement by a junior natural resource issuer must achieve minimum net proceeds to the issuer of at least \$0.20.
9. The Corporation's proposed Offering price is \$0.15 per Unit.

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

IT IS ORDERED, pursuant to subsection 147 of the Act, that the Corporation is exempt from the minimum net proceeds requirement in Section 11.4 of OSC Policy 5.2 in connection with the Offering provided, however, that the Offering is accepted by the CDNX.

February 6, 2001.

"Margo Paul"

2.2.7 Nucontex Corporation - s. 144

Headnote

Section 144 – revocation of cease trade order upon remedying of default, conclusion of reverse take-over, updating of public disclosure record and full disclosure information together with all outstanding financial statements being mailed to shareholders.

Statutes Cited

Securities Act, R.S.O., c. S.5, as am. ss. 127 and 144.

Regulations Cited

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

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

AND

**IN THE MATTER OF
NUCONTEX CORPORATION
(formerly ADAM Technologies, Inc.)**

**ORDER
(Section 144)**

WHEREAS the securities of Nucontex Corporation ("Nucontex") (formerly ADAM Technologies, Inc.) are subject to a temporary order of the Manager, Market Operations (the "Manager") of the Ontario Securities Commission (the "Commission") dated December 16, 1996 and extended by an order of the manager dated December 23, 1996 made under section 127 of the Act (collectively referred to as the "Cease Trade Order") directing that trading in the securities of Nucontex cease;

AND WHEREAS Nucontex obtained a partial revocation of the Cease Trade Order dated October 19, 2000 pursuant to section 144 of the Act solely to permit a reverse take-over transaction ("RTO") with IR Gateway.com, Inc. ("IR Gateway");

AND WHEREAS the RTO with IR Gateway has been completed;

AND WHEREAS Nucontex has applied to the Commission pursuant to Section 144 of the Act (the "Application") for a full revocation of the Cease Trade Order;

AND UPON Nucontex representing to the Commission as follows:

1. Nucontex completed the RTO, involving IR Gateway on November 15, 2000.
2. Except for the Cease Trade Order, Nucontex is not in default of any requirement of the Act or the rules or regulations made thereunder.

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

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

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

February 5, 2001.

John Hughes
Manager, Continuous Disclosure

2.2.8 ARC International Corp. & Arc Sports Ltd. - s. 9.1

Headnote

Rule 61-501 - Related party transactions - Related party applied on behalf of insolvent issuer for an exemption from Part 5 so that it could purchase assets of issuer's subsidiary from subsidiary's receiver and trustee in bankruptcy - Receiver/trustee in bankruptcy at arm's-length to related party, its affiliates and issuer - Receiver/trustee in bankruptcy soliciting and receiving competing bids for assets

Rules Cited

OSC Rule 61-501 - Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions, Part 5 and ss. 5.2, 5.5, 5.6(2), (7), (8) and (13), 5.7 and 5.8(2), (4) and (5).

IN THE MATTER OF ONTARIO SECURITIES COMMISSION RULE 61-501

AND

IN THE MATTER OF ARC INTERNATIONAL CORPORATION AND ARC SPORTS LTD.

RULE 61-501 (section 9.1)

UPON the application (the "Application") by Jerry Zucker ("Zucker") and 1448365 Ontario Limited ("Acquireco") to the Director for a decision pursuant to section 9.1 of Rule 61-501 that ARC International Corporation ("Arc") be exempt from Part 5 of Rule 61-501 in respect of the acquisition of certain assets by Acquireco in connection with the liquidation of the assets of ARC Sports Ltd. ("Arc Sports"), a subsidiary of Arc;

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

AND UPON Zucker and Acquireco having represented to the Director as follows:

1. Arc is governed by the *Business Corporations Act* (Ontario) (the "OBCA") and is a reporting issuer in Ontario and Quebec.
2. The common shares of Arc (the "Shares") were traded on the American Stock Exchange until October 6, 2000. Since October 8, 2000, the Shares have been trading on the OTC Bulletin Board System. On December 18, 2000, the Shares traded at \$0.0156.
3. According to Arc's interim financial statements for the six months ended June 30, 2000 (the "June 2000 Financial Statements"), there were 17,390,520 Shares issued and outstanding at June 30, 2000. As at November 29, 2000, Arc's market capitalization, calculated in accordance with section 1.1 of Rule 61-501, was less than US\$ 300,000.

4. Arc has not filed its interim financial statements for the nine months ended September 30, 2000. Consequently, on December 12, 2000, the Commission made a temporary order that trading cease in securities of Arc for a period of fifteen days.
5. Arc Sports is governed by the OBCA and is a wholly-owned subsidiary of Arc. Arc Sports owns and operates three ice skating facilities in the Toronto metropolitan area (the "Arenas").
6. Zucker resides in Charleston, South Carolina. Zucker controls Acquireco, a corporation governed by the OBCA that is not a reporting issuer or the equivalent in any province or territory of Canada.
7. Zucker, Arc's largest single shareholder, beneficially owns approximately 4,326,500 Shares, representing approximately 25% of the class. Zucker acquired his ownership interest in Arc through a series of purchases in the open market between July and October 1999 and through a private placement from treasury of 2,800,000 Shares on November 29, 1999.
8. A representative of Zucker served as a member of Arc's board of directors from December 15, 1999 until April 17, 2000, when such representative resigned from the board for reasons, among others, relating to a claim that Zucker subsequently brought against certain former officers and directors of Arc alleging intentional misrepresentation and other claims in connection with Zucker's acquisition of Shares.
9. As disclosed in the June 2000 Financial Statements, Arc does not have sufficient cash available to satisfy all its commitments and has incurred significant negative cash flow from operations. Arc and certain of its subsidiaries are not in compliance with covenants under various credit facilities, including a US\$25 million credit facility with Arc's senior lender. Certain other subsidiaries have received demands for the payment of outstanding debts and have not made such payments.
On December 7, 2000, Arc Sports made an assignment into bankruptcy. Accordingly, it is reasonable to conclude that Arc is insolvent.
10. All of Arc's directors resigned on October 20, 2000 and no one has been appointed in their place.
11. Certain secured creditors of Arc and its subsidiaries have begun to take actions to realize on their security. On October 23, 2000, Penfund Capital (No. 1) Limited ("Penfund"), a secured creditor of Arc Sports, appointed Richter & Partners Inc. ("Richter") as receiver and manager of Arc Sports' property, assets and undertakings (the "Arc Sports Receivership"). On the same day, Richter was appointed by the Ontario Superior Court of Justice to manage the liquidation of Arc's assets (the "Arc Liquidation"). On the bankruptcy of Arc Sports, Richter also was appointed as its trustee in bankruptcy.
12. Richter and Penfund are acting at arm's length to Zucker and his affiliates and, to the best of Zucker's knowledge, to Arc.
13. Zucker believes that it is unlikely that the shareholders of Arc (the "Shareholders"), including Zucker, will receive any value in connection with the Arc Liquidation because the fair market value of Arc's assets is considerably less than Arc's outstanding liabilities. Furthermore, since Arc Sports' assets also are being liquidated by its creditors, the Shareholders are even less likely to receive any value from Arc's investment in Arc Sports.
14. In its capacity as receiver, manager and trustee in bankruptcy of Arc Sports, Richter is selling all of Arc Sports' right, title and interest in the real and personal property comprising the Arenas. Richter has solicited offers to purchase the Arenas. Zucker and Acquireco have submitted to Richter a bid relating to the purchase of the Arenas. Zucker understands that there are at least two other interested bidders who have submitted bids to Richter regarding the Arenas.
15. Richter currently is negotiating a definitive purchase and sale agreement with Zucker's representatives regarding the proposed purchase by Acquireco of the Arenas (the "Agreement"). The Agreement will provide that Zucker, through Acquireco, will agree to purchase the Arenas (the "Acquisition"), subject to satisfaction of various conditions, including receipt of the decision requested in the Application.
16. Zucker is a related party with respect to Arc within the meaning of Rule 61-501 because he beneficially owns, or exercises control or direction over, more than 10% of the Shares.
17. The Acquisition will be a related party transaction within the meaning of Rule 61-501 because Arc Sports, a wholly-owned subsidiary of Arc, is proposing to sell the Arenas to Zucker and, therefore, Arc may be considered to be indirectly disposing of assets to a related party.
18. Arc cannot rely upon:
 - (a) the exemptions from section 5.5 of Rule 61-501 (the "Formal Valuation Requirement") and section 5.7 (the "Minority Approval Requirement") in subsections 5.6(2) and 5.8(2), respectively, of Rule 61-501 because the Arenas' fair market value exceeds 25% of Arc's market capitalization;
 - (b) the exemption from the Formal Valuation Requirement in subsection 5.6(13) of Rule 61-501 because the Assets' fair market value exceeds \$500,000;
 - (c) the exemptions from the Formal Valuation Requirement and the Minority Approval Requirement in subsections 5.6(7) and 5.8(4), respectively, of Rule 61-501 because the Acquisition is being effected by a privately-appointed receiver, rather than pursuant to a court-supervised bankruptcy, liquidation or reorganization; or

- (d) the exemptions from the Formal Valuation Requirement and the Minority Approval Requirement in subsections 5.6(8) and 5.8(5) because: (i) the Acquisition is not necessarily being effected to improve Arc's financial position; and (ii) Arc has no board of directors to make the determinations prescribed by these subsections.

19. In a letter dated December 19, 2000 to the Director, Richter has stated that:

- (a) it has reviewed the Application (including a draft of this decision) and has no reason to believe that any of the information presented in the Application (including the draft decision) is inaccurate;
- (b) in connection with the Arc Liquidation and the Arc Sports Receivership, it is conducting a process solely intended to maximize value for the creditors (and if there are any assets remaining after satisfying creditors, the shareholders) of Arc and Arc Sports, respectively; and
- (c) its preliminary view is that there will be no surplus available for distribution to the Shareholders after realization on the assets of Arc and its subsidiaries, including Arc Sports.

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

IT IS DECIDED pursuant to section 9.1 of Rule 61-501 that, in connection with the acquisition by Acquireco of the Arenas from Arc Sports, Arc shall not be subject to Part 5 of Rule 61-501, provided that, on or prior to the completion of the Acquisition, Zucker issues and files a news release that:

- (i) contains the information prescribed by subsections 5.2(a)-(d) of Rule 61-501; and
- (ii) discloses the principal representations made by Zucker and Acquireco in the Application.

December 27, 2000.

"Janet Holmes"
Acting Director, Take-over/Issuer Bids,
Mergers & Acquisitions

2.3 Rulings

2.3.1 Pro-AMS Trust - ss. 74(1)

Headnote

Subsection 74(1) - Exemption from sections 25 and 53 of the Act in connection with the writing of over-the-counter covered call options and cash covered put options by the issuer, subject to certain conditions.

Section 59, Schedule I - Issuer exempt from section 28 of Schedule I to the Regulation in connection with the writing of over-the-counter covered call options and cash covered put options.

Statutes Cited

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

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 28 and 59 of Schedule I.

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

AND

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

AND

**IN THE MATTER OF
PRO-AMS TRUST

RULING AND EXEMPTION
(Subsection 74(1) of the Act and Subsection 59(1) of
Schedule 1 of the Regulation)**

UPON the application of Mulvihill Fund Services Inc. ("Mulvihill"), as manager of Pro-AMS (the "Trust"), to the Ontario Securities Commission (the "Commission") for a ruling:

- (i) pursuant to subsection 74(1) of the Act that the writing of certain over-the-counter covered call options and cash covered put options (collectively, the "OTC Options") by the Trust is not subject to sections 25 and 53 of the Act; and
- (ii) pursuant to subsection 59(1) of Schedule 1 of the Regulation for an exemption from the fees required to be paid under section 28 of Schedule 1 of the Regulation in connection with the writing of certain OTC Options by the Trust;

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

AND UPON Mulvihill having represented to the Commission as follows:

1. The Trust is an investment trust that will be established under the laws of the Province of Ontario pursuant to a trust agreement between Mulvihill, as manager, and The Royal Trust Company, as trustee.
2. The authorized capital of the Trust will consist of an unlimited number of transferable, redeemable trust units (the "Units").
3. By virtue of the redemption features attaching to the Units, the Trust is considered a "mutual fund" within the meaning of the Act and other applicable legislation.
4. The Trust is not a reporting issuer under the Act but has filed a preliminary prospectus dated December 18, 2000 and will file a (final) prospectus (the "Prospectus") with the Commission and with the securities regulatory authority in each of the other Provinces of Canada with respect to proposed offering of Units.
5. Mulvihill Capital Management Inc. ("MCM") will act as investment manager of the Trust.
6. MCM is registered under the Act in the categories of investment counsel and portfolio manager, mutual fund dealer and limited market dealer.
7. The Trust's investment objectives are: (i) to return at least the original issue price of the Units (\$25.00 per Unit) to Unitholders upon termination of the Trust on the Termination Date; (ii) to provide Unitholders with a stable stream of monthly distributions; and (iii) to preserve the value of the Trust's managed portfolio, which will provide Unitholders with capital appreciation above the original issue price.
8. To provide the Trust with the means to return the original issue price of the Units on or about the termination date of the Trust, the Trust will enter into a forward purchase and sale agreement with Royal Bank of Canada ("RBC") pursuant to which RBC will agree to pay the Trust an amount equal to \$25.00 for each Unit outstanding on the termination date in exchange for the Trust agreeing to deliver equity securities which the Trust will acquire with a portion of the proceeds of the offering. The balance of the net proceeds of the offering will be invested in a diversified portfolio consisting principally of equity securities of companies selected from the S&P/TSE 60 Index and companies with a market capitalization in excess of \$5.0 billion selected from the S&P 500 Index. It is expected that the termination date will be no earlier than December 30, 2011 and no later than December 31, 2013.
9. The Trust will, from time to time, write covered call options in respect of all or part of the securities in its Portfolio. The investment criteria of the Trust prohibits the sale of equity securities subject to an outstanding call option, and therefore the call options will be covered at all times.

10. The Trust may, from time to time, hold a portion of its assets in "cash equivalents" (as that term is defined in the Prospectus). The Trust may utilize such cash equivalents to provide cover in respect of the writing of cash covered put options. Such cash covered put options will only be written in respect of securities in which the Trust is permitted to invest.
11. The purchasers of OTC Options written by the Trust will generally be major Canadian financial institutions and all purchasers of OTC Options will be persons or entities described in Schedule 1 to this ruling.
12. The writing of OTC Options by the Trust will not be used as a means for the Trust to raise new capital.

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

IT IS RULED, pursuant to subsection 74(1) of the Act, that the writing of OTC Options by the Trust, as contemplated by paragraphs 9 and 10 of this ruling, shall not be subject to sections 25 and 53 of the Act provided that:

- (a) the portfolio adviser advising the Trust with respect to such activities is registered as an adviser under the Act and meets the proficiency requirements in Ontario for advising with respect to options;
- (b) each purchaser of an OTC Option written by the Trust is a person or entity described in Schedule 1 to this ruling; and
- (c) a receipt for the Prospectus has been issued by the Director under the Act;

AND PURSUANT to section 59 of Schedule 1 to the Regulation the Trust is hereby exempted from the fees which would otherwise be payable pursuant to Section 28 of Schedule 1 to the Regulation in connection with any OTC Options written by the Trust in reliance on the above ruling.

February 2, 2001.

"J. A. Geller"

"R. Stephen Paddon"

APPENDIX A QUALIFIED PARTIES

Interpretation

- (1) The terms "subsidiary" and "holding body corporate" used in paragraphs (w), (x) and (y) of subsection (2) of this Appendix have the same meaning as they have in the *Business Corporations Act* (Ontario).
- (2) All requirements contained in this Appendix that are based on the amounts shown on the balance sheet of an entity apply to the consolidated balance sheet of the entity.

Qualified Parties Acting as Principal

- (3) The following are qualified parties for all OTC derivatives transactions, if acting as principal:

Banks

- (a) A bank listed in Schedule I, II or III to the *Bank Act* (Canada).
- (b) The Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada).
- (c) A bank subject to the regulatory regime of a country that is a member of the Basle Accord if the bank has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of \$100 million or its equivalent in another currency.

Credit Unions and Caisses Populaires

- (d) A credit union central, federation of caisses populaires, credit union or regional caisse populaire, located, in each case, in Canada.

Loan and Trust Companies

- (e) A loan corporation or trust corporation registered under the *Loan and Trust Corporations Act* (Ontario) or under the *Trust and Loan Companies Act* (Canada), or under comparable legislation in any other province or territory of Canada.
- (f) A loan company or trust company subject to the regulatory regime of a country that is a member of the Basle Accord if the loan company or trust company has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of \$100 million or its equivalent in another currency.

Insurance Companies

- (g) An insurance company licensed to do business in Canada or a province or territory of Canada if the insurance company has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of \$100 million or its equivalent in another currency.

- (h) An insurance company subject to the regulatory regime of a country that is a member of the Basle Accord if the insurance company has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of \$100 million or its equivalent in another currency.

Sophisticated Entities

- (i) A person or company that
- (i) has entered into one or more transactions involving OTC derivatives with counterparties that are not its affiliates, if
- (A) the transactions had a total gross dollar value of or equivalent to at least \$1 billion in notional principal amount; and
- (B) any of the contracts relating to one of these transactions was outstanding on any day during the previous 15-month period, or
- (ii) had total gross marked-to-market positions of or equivalent to at least \$100 million aggregated across counterparties, with counterparties that are not its affiliates in one or more transactions involving OTC derivatives on any day during the previous 15-month period.

Individuals

- (j) An individual who has a net worth of at least \$5 million, or its equivalent in another currency, excluding the value of his or her principal residence.

Governments/Agencies

- (k) Her Majesty in right of Canada or any province or territory of Canada and each crown corporation, instrumentality and agency of a Canadian federal, provincial or territorial government.
- (l) A national government of a country that is a member of the Basle Accord and each instrumentality and agency of that government or corporation wholly-owned by that government.

Municipalities

- (m) Any Canadian municipality with a population in excess of 50,000 and any Canadian provincial or territorial capital city.

Corporations and other Entities

- (n) A company, partnership, unincorporated association or organization or trust, other than an entity referred to in paragraph (a), (b), (c), (d), (e), (f), (g) or (h), with total assets, as shown on its last audited balance sheet, in excess of \$100 million or its equivalent in another currency.

Pension Plan or Fund

- (o) A pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a provincial pension commission, if the pension fund has total net assets, as shown on its last audited balance sheet, in excess of \$100 million, provided that, in determining net assets, the liability of a fund for future pension payments shall not be included.

Mutual Funds and Investment Funds

- (p) A mutual fund or non-redeemable investment fund if each investor in the fund is a qualified party.
- (q) A mutual fund if the management company of the fund is registered under the Act or securities legislation elsewhere in Canada as an adviser, other than a securities adviser.
- (r) A non-redeemable investment fund if the person responsible for providing investment advice to the fund is registered under the Act or securities legislation elsewhere in Canada as an adviser, other than a securities adviser.

Brokers/Investment Dealers

- (s) A person or company registered under the Act or securities legislation elsewhere in Canada as a broker or an investment dealer or both.
- (t) A person or company registered under the Act as an international dealer if the person or company has total assets, as shown on its last audited balance sheet, in excess of \$100 million or its equivalent in another currency.

Futures Commission Merchants

- (u) A person or company registered under the CFA as a dealer in the category of futures commission merchant, or in an equivalent capacity elsewhere in Canada.

Charities

- (v) A registered charity under the *Income Tax Act* (Canada) with assets not used directly in charitable activities or administration, as shown on its last audited balance sheet, of at least \$5 million or its equivalent in another currency.

Affiliates

- (w) A wholly-owned subsidiary of any of the organizations described in paragraph (a), (b), (c), (d), (e), (f), (g), (h), (n), (s), (t) or (u).
- (x) A holding body corporate of which any of the organizations described in paragraph (w) is a wholly-owned subsidiary.
- (y) A wholly-owned subsidiary of a holding body corporate described in paragraph (x).

Decisions, Orders and Rulings

- (z) A firm, partnership, joint venture or other form of unincorporated association in which one or more of the organizations described in paragraph (w), (x) or (y) have a direct or indirect controlling interest.

Guaranteed Party

- (aa) A party whose obligations in respect of the OTC derivatives transaction for which the determination is made is fully guaranteed by another qualified party.

Qualified Party Not Acting as Principal

- (4) The following are qualified parties, in respect of all OTC derivative transactions:

Managed Accounts

1. Accounts of a person, company, pension fund or pooled fund trust that are fully managed by a portfolio manager or financial intermediary referred to in paragraphs (a), (d), (e), (g), (s), (t) or (u) of paragraph (2) or a broker or investment dealer acting as a trustee or agent for the person, company, pension fund or pooled fund trust under section 148 of the Regulation.

Subsequent Failure to Qualify

- (5) A party is a qualified party for the purpose of any OTC derivatives transaction if it, he or she is a qualified party at the time it, he or she enters into the transaction.

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Chapter 3

Reasons: Decisions, Orders and Rulings

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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
Enterra Communications Inc.	22 Jan 01	-	02 Feb 01	-
Eugenic Corp.	02 Feb 01	14 Feb 01	-	-
Carmanah Resources Ltd.	24 Jan 01	-	05 Feb 01	-
Altaur Gold Explorations Inc.	06 Feb 01	16 Feb 01	-	-
Delicious Alternative Desserts Ltd.	06 Feb 01	16 Feb 01	-	-
Livent Inc.	06 Feb 01	16 Feb 01	-	-
Telescene Film Group Inc.	07 Feb 01	19 Feb 01	-	-

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Chapter 5

Rules and Policies

5.1 Rules

5.1.1 Rule 44-801-Implementing NI 44-101

NOTICE OF RULE 44-801 IMPLEMENTING NATIONAL INSTRUMENT 44-101 SHORT FORM PROSPECTUS DISTRIBUTIONS

Notice of Rule

The Commission has, under section 143 of the *Securities Act* (Ontario) (the "Act"), made Rule 44-801 Implementing National Instrument 44-101 Short Form Prospectus Distributions as a Rule under the Act.

The Rule and the material required by the Act to be delivered to the Minister of Finance were delivered on February 9, 2001. If the Minister does not approve the Rule, reject the Rule or return it to the Commission for further consideration by April 10, 2001, the Rule will come into force on April 25, 2001. If the Minister approves the Rule, it will come into force 15 days after it is so approved.

Substance and Purpose of Rule

On February 20, 1998 the Ontario Securities Commission published proposed Rule 44-801 Implementing the Prompt Offering Qualification System Under National Instrument 44-101 (the "Proposed Implementing Rule"). The Proposed Implementing Rule was republished for comment on July 23, 1999 and December 17, 1999. Although minor changes were made to the Proposed Implementing Rule over that period, no comments were received in respect of the Proposed Implementing Rule. The Rule is substantially in the form of the Proposed Implementing Rule published on December 17, 1999.

On December 22, 2000 the Canadian Securities Administrators published National Instrument 44-101 Short Form Prospectus Distributions and Forms 44-101F1, F2 and F3 (collectively, "NI 44-101") in its final form. NI 44-101 came into force on December 31, 2000.

Rule 44-801 is a local Ontario rule implementing NI 44-101 in Ontario. This Rule contains exemptions from certain provisions of the Act and rules made under that Act that are necessary in order to implement NI 44-101.

Summary of Rule

Section 1.1 provides that short form preliminary prospectuses and short form prospectuses certified and prepared in accordance with NI 44-101 will be treated as prospectuses and preliminary prospectuses under the Act.

Section 2 contains specific exemptions from the Act and the rules made under the Act. Subsection 1.2(1) provides that the statutory ten day waiting period set out in subsection 65(1) of the Act will not prohibit the Director from issuing receipts for (final) short form prospectuses in accordance with the abridged timetable typically required by issuers filing under NI 44-101. Similar relief had previously been available to issuers using the Prompt Offering Qualification System (the "POP System") in Ontario.

Because NI 44-101 was designed to provide a substantially complete code for the preparation and filing of short form prospectuses, subsections 1.2(2) and (3) ensure that the provisions of National Instrument 41-101 Prospectus Disclosure Requirements and Commission Rule 41-501 General Prospectus Requirements do not apply to short form prospectuses. An exception, however, is provided in section 1.2(4) of the Rule by allowing section 13.9 of Rule 41-501 (which, among other things, prohibits the Director from issuing a receipt for an amended prospectus in the situations set out in subsection 61(2) of the Act) to apply to the issuance of receipts for short form prospectuses.

Subsection 1.2(5) provides an exemption from the concurrent mailing requirements contained in section 79 of the Act where the filing of annual financial statements by an issuer is required under NI 44-101. Similar relief had previously been provided to issuers using the POP System in Ontario.

Interim Measures

Issuers intending to file a short form preliminary prospectus or a short form prospectus in accordance with NI 44-101 prior to the effective date of the Rule are advised to apply to the Commission for relief similar to that otherwise provided by the Rule. Applications for such exemptive relief need not be formal in nature, and may be made by way of e-mail or incorporated into the covering letter that accompanies the filing of the preliminary short form prospectus. Such applications should specifically request relief from the provisions of subsection 65(1) and section 79 of the Act and include a request that the relevant application fee be waived. Issuers or counsel who have questions as to the foregoing are encouraged to contact staff of the Corporate Finance Branch for further information.

Authority for Rule

Paragraph 143(1)16 of the Act authorizes the Commission to make rules varying the application of the Act to establish procedures for or requirements in respect of the preparation and filing of preliminary prospectuses and prospectuses and the issuing of receipts therefor that facilitate or expedite the distribution of securities or the issuing of the receipts, including, *inter alia*, requirements in respect of distribution of securities by means of a prospectus incorporating other documents by reference. Paragraph 143(1)21 of the Act

authorizes the Commission to prescribe the circumstances in which the Director must refuse to issue a receipt for a prospectus and prohibiting the Director from issuing a receipt in those circumstances.

Rule

The text of the Rule follows.

February 6, 2001.

**ONTARIO SECURITIES COMMISSION RULES
RULE 44-801
IMPLEMENTING NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS**

1.1 Short Form of Prospectus for Purposes of Section 63 of the Act

A preliminary short form prospectus and a short form prospectus prepared and certified in accordance with National Instrument 44-101 is a short form of preliminary prospectus and a short form of prospectus in the prescribed form, respectively, for the purposes of section 63 of the Act.

1.2 Exemption from Certain Requirements of the Act and Rules

- (1) Despite subsection 65(1) of the Act, the waiting period between the issuance by the Director of a receipt for a preliminary short form prospectus or an amendment to a preliminary short form prospectus and the issuance by the Director of a receipt for a short form prospectus may be less than ten days.
- (2) National Instrument 41-101 Prospectus Disclosure Requirements does not apply to a preliminary short form prospectus or a short form prospectus certified, filed and receipted in accordance with National Instrument 44-101.
- (3) Subject to subsection (4), Rule 41-501 General Prospectus Requirements does not apply to a preliminary short form prospectus or a short form prospectus certified, filed and receipted in accordance with National Instrument 44-101.
- (4) Notwithstanding subsection (3) and section 11.6 of National Instrument 44-101, the provisions of subsection 13.9 of Rule 41-501 General Prospectus Requirements shall apply to a preliminary short form prospectus or a short form prospectus certified, filed and receipted in accordance with National Instrument 44-101.
- (5) Section 79 of the Act does not apply insofar as it requires issuers to send financial statements filed under section 78 of the Act to each holder of its securities concurrently with their filing, if
 - (a) the issuer files those financial statements earlier than 140 days from the end of its last financial year because it is required to do so by National Instrument 44-101; and
 - (b) the financial statements are sent within the time period specified in the Act for filing.

Chapter 6

Request for Comments

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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>
31Jan01	3801110 Canada Inc. - Non-Voting Exchangeable Shares	489,075	83,075
26Dec00	Aloak Inc. - Common Shares	304,512	661,983
19Jan01 to 26Jan01	Arrow Capital Advance Fund - Class "A" Trust Units	453,477	48,327
31Dec00	Bank of Ireland Asset Management Limited - Units	4,800,000	403,288
31Dec00	Bank of Ireland Asset Management Limited - Units	1,000,000	74,352
16Jan01	Barefoot Science Inc. - Common Shares	US\$250,000	250,000
11Oct01	Barefoot Science Inc. - Common Shares	US\$510,000	650,000
17Nov00	BCM Arbitrage Fund - Limited Partnership Units	192,000	619
29Dec00	Byng Properties Inc. - Flow-Through Common Shares	92,000	920
13Jan01	Canadian Golden Dragon Resources Ltd. - Common Shares	4,275	27,500
19Jan01	Cedara Software Corp. - Units	950,000	950
17Nov00	Cloakware Corporation - Common Shares	3,076,103	339,525
23Nov00	Cloakware Corporation - Common Shares	1,000,000	110,375
25Jan01	Commercial Consolidators Corp. - Shares Purchase Warrant	200,000	50,000
09Jan01	Consolitech Invest Corp. - Special Warrants	486,000	4,680,000
23Jan01	CrossKeys Systems Corporation - 12% Promissory Note and 266,060 Warrants to purchase 266,060 Common Shares	1,000,000	1,000,000
02Jan00 to 31Dec00	Elliott & Page Pooled Short Term Fund - Units	4,755,428	480,454
02Jan00 to 31Dec00	Elliott & Page Pooled Canadian Bond Index Fund - Units	9,779,336	1,000,678
02Jan00 to 31Dec00	Elliott & Page Pooled Canadian Index Fund - Units	43,399,545	3,193,967
02Jan00 to 31Dec00	Elliott & Page Pooled U.S. Index Fund - Units	13,792,674	1,077,069
02Jan00 to 31Dec00	Elliott & Page Pooled Canadian Equity Fund - Units	34,774,813	3,145,217
02Jan00 to 31Dec00	Elliott & Page Pooled U.S. Equity Fund - Units	13,675,726	1,251,523
02Jan00 to 31Dec00	Elliott & Page Pooled Bond Fund - Units	7,696,889	754,422
02Jan00 to 31Dec00	Elliott & Page Pooled Balanced Fund - Units	497,529	49,456
15Jan01	Equity International Investment Trust - Units	1,658	241

Notice of Exempt Financings

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
11Jan00 to 06Jul00	FGP Canadian Equity Fund, FGP Private Balanced Fund, FGP Private Bond Fund, FGP Private Combined Equity Fund, FGP Private Foreign Equity Fund, FGP Short Term Investment Fund - Units	7,337,044	12,890
15Jan01	Fleming Canada Offshore Select Trust - Units	1,658	241
30May00 to 31Dec00	Floyd Growth Fund - Units	1,600,217	1,600,217
23Jan01	French Fragrances, Inc. - 11¼% Senior Secured Notes due 2011	US\$1,000,000	1,000,000
01Jan00 to 31Dec00	Georgian Partners Global Financial Services Fund - Units	2,409,984	636,684
01Jan00 to 31Dec00	Georgian Partners Global 24 Fund - Units	7,124,488	522,585
01Jan00 to 31Dec00	Georgian Partners Northern 24 Fund - Units	5,557,429	472,393
01Jan00 to 31Dec00	Georgian Partners Bond Fund - Units	6,247,435	651,127
18Jan01	Healthscreen Solutions Incorporated	180,000	180,000
01Jan00 to 31Dec00	Highstreet Balanced Fund - Units	29,542,139	2,297,235
01Jan00 to 31Dec00	Highstreet Canadian Index Bond Fund - Units	4,356,834	434,132
01Jan00 to 31Dec00	Highstreet Canadian Equity Fund - Units	3,406,830	209,697
01Jan00 to 31Dec00	Highstreet US Equity Fund - Units	4,710,008	369,394
18Jan01	iRecognize Inc. - A Convertible Promissory Note and Share Purchase Warrants	US\$1,700,000	1,700,000
01Dec00	K2 Arbitrage Fund L.P., The - Class A and B Limited Partnership Units	2,749,000, 8,424,000	2,749, 8,824 Resp.
01Jan01	K2 Arbitrage Fund L.P. The - Class A Limited Partnership Units	1,160,000	1,160
01Jan01	K2 Arbitrage Fund L.P. The - Class A Limited Partnership Units	50,000	50
15Jan01	Kingwest Avenue Portfolio - Units	412,057	21,398
29Dec00	Medix Resources, Inc. - Convertible Notes	US\$2,500,000	\$2,500,000
22Jan01	Mortice.Kern Systems Inc. - Secured Special Debentures, Series 1, Unsecured Special Debentures, Series 1, Secured Special Debentures, Series B, Unsecured Special Debentures, Series 2	600,000, 780,000, 1,400,000, 2,220,000	600,000, 780,000, 1,400,000, 2,220,000
15Jan01	Northern Platinum Ltd. - Shares	462,500	1,850,000
08Dec00	Protus IP Solutions Inc. - Class A, Series I Preferred Shares	4,975,000	6,218,750
08Feb00 to 22Dec00	Putnam Canadian Global Trusts - Trust Units	226,658,775	9,459,085
02Oct00 to31Dec00	RTCM American Equity Fund - Pooled Fund Units	3,673,931	189,130
02Oct00 to31Dec00	RTCM Balanced Fund - Pooled Fund Units	23,095,019	1,251,340
02Oct00 to31Dec00	RTCM Bond Fund - Pooled Fund Units	53,511,675	6,229,980
02Oct00 to31Dec00	RTCM Canada Plus Equity Fund - Pooled Fund Units	22,516,648	1,116,832
02Oct00 to31Dec00	RTCM Canadian Equity (Capped) Fund - Pooled Fund Units	24,270,500	2,426,468
02Oct00 to31Dec00	RTCM Canadian Equity Fund - Pooled Fund Units	132,738,802	1,113,990
02Oct00 to31Dec00	RTCM Canadian Income Fund - Pooled Fund Units	172,948	17,616
02Oct00 to31Dec00	RTCM Conventional Mortgage Fund - Pooled Fund Units	250,000	30,321
02Oct00 to31Dec00	RTCM Diversified Fund - Pooled Fund Units	2,984,616	158,106
02Oct00 to31Dec00	RTCM Emerging Technologies Fund - Pooled Fund Units	885,000	24,430

Notice of Exempt Financings

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
02Oct00 to31Dec00	RTCM Global Equity Fund - Pooled Fund Units	2,556,840	157,084
02Oct00 to31Dec00	RTCM Global Bond Fund - Pooled Fund Units	271,163	26,767
02Oct00 to31Dec00	RTCM Government of Canada Money Market Fund - Pooled Fund Units	6,865,822	686,582
02Oct00 to31Dec00	RTCM International Equity Fund - Pooled Fund Units	25,208,986	418,170
02Oct00 to31Dec00	RTCM Money Market Fund - Pooled Fund Units	104,727,406	10,472,741
02Oct00 to31Dec00	RTCM Small Capitalization Fund - Pooled Fund Units	3,841,577	175,194
02Oct00 to31Dec00	RTCM U.S. Equity Value Fund - Pooled Fund Units	6,012,600	99,470
02Oct00 to31Dec00	RTCM U.S. Equity Growth Fund - Pooled Fund Units	11,389,388	156,374
28Nov00	Sand Technology Inc. - Class A Common Shares	US\$16,567,200	2,761,200
09Jan01	Silvercreek Limited Partnership - Units	178,588	4
16Jan01	SLMsoft.com Inc. - Limited Voting Shares	75,000	17,361
16Jan00	Summo Minerals Corporation - Common Shares	US\$251,074	6,356,312
17Jan01	Suzuki Motor Corporation - Shares	743,217,269	51,561,000
01Jan00 to 31Dec00	TAL Balanced RRSP Fund - Pooled Fund Units	171,541	16,883
01Jan00 to 31Dec00	TAL Balanced #1 Fund - Pooled Fund Units	183,872,764	11,195,716
01Jan00 to 31Dec00	TAL Balanced #2 Fund - Pooled Fund Units	15,433,818	1,367,061
01Jan00 to 31Dec00	TAL Balanced Fund - Pooled Fund Units	10,000	751
01Jan00 to 31Dec00	TAL Bond Overlay Fund - Pooled Fund Units	160,000	14,298
01Jan00 to 31Dec00	TAL Canadian Equity Small Cap Fund - Pooled Fund Units	8,480,000	1,651,589
01Jan00 to 31Dec00	TAL Cdn Equity Fund - Pooled Fund Units	16,339,629	806,996
01Jan00 to 31Dec00	TAL Cdn Equity Index Fund - Pooled Fund Units	4,523,366	377,799
01Jan00 to 31Dec00	TAL Cdn Equity TSE 300 Capped Fund - Pooled Fund Units	8,207,371	841,197
01Jan00 to 31Dec00	TAL Cdn Equity Fund - Pooled Fund Units	10,068,979	677,044
01Jan00 to 31Dec00	TAL Dividend Income Fund - Pooled Fund Units	9,566,027	711,415
01Jan00 to 31Dec00	TAL Fixed Income Fund - Pooled Fund Units	21,660,015	2,186,577
01Jan00 to 31Dec00	TAL Fixed Income Fund - Pooled Fund Units	480,000	42,308
01Jan00 to 31Dec00	TAL Foreign Currency Bond Fund - Pooled Fund Units	53,286,684	5,678,896
01Jan00 to 31Dec00	TAL International Equity Index Fund - Pooled Fund Units	3,620,000	375,149
01Jan00 to 31Dec00	TAL International Fixed Income Fund - Pooled Fund Units	3,800,000	383,860
01Jan00 to 31Dec00	TAL International Equity #1 Fund - Pooled Fund Units	15,320,000	1,138,435
01Jan00 to 31Dec00	TAL International Equity Fund - Pooled Fund Units	179,187,161	10,060,721

Notice of Exempt Financings

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
01Jan00 to 31Dec00	TAL International Equity #2 Fund - Pooled Fund Units	755,000	54,358
01Jan00 to 31Dec00	TAL Municipal Debt Fund - Pooled Fund Units	160,000	16,614
01Jan00 to 31Dec00	TAL Short Term Fund - Pooled Fund Units	37,079,661	3,921,000
01Jan00 to 31Dec00	TAL Short-Term Fund - Pooled Fund Units	33,488,649	3,309,594
01Jan00 to 31Dec00	TAL Short-Term Bond Fund - Pooled Fund Units	9,107,139	897,078
01Jan00 to 31Dec00	TAL US Equity Fund - Pooled Fund Units	33,854,063	842,543
01Jan00 to 31Dec00	TAL US Equity S&P 500 Synthetic Index Fund - Pooled Fund Units	2,110,000	206,938
01Jan00 to 31Dec00	TAL US Equity Fund - Pooled Fund Units	33,854,063	842,543
01Jan00 to 31Dec00	TAL US Equity Fund - Pooled Fund Units	1,530,000	106,877
01Jan00 to 31Dec00	TAL World Equity Fund - Pooled Fund Units	24,740,922	2,854,373
	Upper Circle Equity Fund, The - Units	150,000	11,152
	Upper Circle Equity Fund, The - Units	259,451	19,290
	Upper Circle Equity Fund, The - Units	150,000	11,152
22Jan01	Westbury Research & Consulting Limited Partnership - Units in a Limited Partnership	30,000	120
10Jan01	WETV Network Corporation - Common Shares	117,000	7,312
22Jan01	Williams Companies, Inc. - Common Stock	US\$2,709,375	75,000
17Jan01	YMG Institutional Fixed Income Fund - Units	46,992,267	4,615,229
17Jan01	YMG Institutional Fixed Income Fund - Units	11,147,200	1,094,794
15Jan01	Yummy Interactive, Inc. - Series B Shares	3,665,373	3,249,965
30Jan01	Zenestra - Shares	US\$126,000	21,000

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>
ImagicTV Inc.	17Nov00

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

<u>Seller</u>	<u>Security</u>	<u>Amount</u>
Domino Capital Group Ltd.	AdvanteXcel.com Communications Corp. - Common Shares	690,000
Melnick, Larry	Champion Natural Health.com Inc. - Subordinate Voting Shares	29,900
Jones, Ruth Ann	Gibraltar Springs Capitol Corporation - Common Shares	400,000
Les investments Maba Inc.	Groupe Cossette Communication Inc./Cossette Communications Group Inc. - Subordinate Voting Shares	15,723
Loudtrum Communications Ltd.	Groupe Cossette Communication Inc./Cossette Communication Group Inc. - Subordinate Voting Shares	37,748
MTW Solutions Online Inc.	iFuture.com Inc. - Common Shares	2,000,000
SLMsoft.com Inc.	Infocorp Computer Solutions Ltd. - Common Shares	6,814,052

Chapter 9
Legislation

THERE IS NO MATERIAL FOR THIS CHAPTER
IN THIS ISSUE

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

360networks inc.

Principal Regulator - British Columbia

Type and Date:

Preliminary Shelf Prospectus dated January 31st, 2001

Mutual Reliance Review System Receipt dated February 1st, 2001

Offering Price and Description:

US\$3,000,000,000 Debt Securities, Preferred Shares, Subordinate Voting Shares, Warrants, Stock Purchase Contracts and Stock Purchase Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #329563

Issuer Name:

Enerplus Resources Fund

Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated February 1st, 2001

Mutual Reliance Review System Receipt dated February 1st, 2001

Offering Price and Description:

\$40,320,000 - 1,800,000 Trust Units @ \$22.40 per Trust Unit

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.

Merrill Lynch Canada Inc.

BMO Nesbitt Burns Inc.

National Bank Financial Inc.

RBC Dominion Securities Inc.

Scotia Capital Inc.

TD Securities Inc.

Promoter(s):

-

Project #329714

Issuer Name:

G.T.C. Transcontinental Group Ltd.

Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated February 1st, 2001

Mutual Reliance Review System Receipt dated February 1st, 2001

Offering Price and Description:

\$63,000,000 - 3,500,000 Class A Subordinate Voting Shares

Underwriter(s) or Distributor(s):

National Bank Financial Inc.

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

Scotia Capital Inc.

Promoter(s):

-

Project #329771

Issuer Name:

HTN Inc.

Type and Date:

Preliminary Prospectus dated January 31st, 2001

Received on February 6th, 2001

Offering Price and Description:

83,297,478 Common Shares to be issued to acquire all of the issued and outstanding shares of HTN Inc. and 4,930,000 Common Shares issuable upon the exercise of Special Warrants

Underwriter(s) or Distributor(s):

Sentron Capital Group Inc.

Promoter(s):

Millard Roth

Gary Babcock

Project #329728

Issuer Name:

NewKidCo International Inc.

Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated January 31st, 2001

Mutual Reliance Review System Receipt dated February 5th, 2001

Offering Price and Description:

8,412,439 Common Shares and 8,412,439 Class A Purchase Warrants Issuable upon the exercise of 8,412,439 previously issued Special Warrants and \$1,000,000 CDN Aggregate Principal Amount of Convertible Debentures issuable upon the exercise of \$1,000,000 CDN Aggregate Principal Amount of Special Debentures 600,000 Purchase Warrants issuable upon the exercise of previously issued Options.

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #329975

Issuer Name:

Noranda Inc.

Type and Date:

Preliminary Short Shelf Prospectus dated February 7th, 2001

Received on February 7th, 2001

Offering Price and Description:

US\$800,000,000 - Debt Securities (Unsecured)

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #330649

Issuer Name:

Quebecor World Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated February 7th, 2001
Mutual Reliance Review System Receipt dated February 7th, 2001

Offering Price and Description:

\$510,000,000 - 15,000,000 Subordinate Voting Shares

Underwriter(s) or Distributor(s):

RBC Dominion Securities
BMO Nesbitt Burns Inc.
TD Securities Inc.
CIBC World Markets Inc.
Credit Suisse First Boston Securities Canada Inc.

Promoter(s):

-
Project #330801

Issuer Name:

Sears Canada Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Shelf Prospectus dated January 31st, 2001
Mutual Reliance Review System Receipt dated February 2nd, 2001

Offering Price and Description:

\$500,000,000 Medium Term Notes (Unsecured)

Underwriter(s) or Distributor(s):

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

Promoter(s):

-
Project #329709

Issuer Name:

Sentry Select Blue - Chip Income Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated February 5th, 2001
Mutual Reliance Review System Receipt dated February 6th, 2001

Offering Price and Description:

\$ * Maximum to \$ * Minimum @ \$25.00 per Unit

Underwriter(s) or Distributor(s):

National Bank Financial Inc.
CIBC World Markets Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Raymond James Ltd.
Desjardins Securities Inc.
Research Capital Corporation
Yorkton Securities Inc.

Promoter(s):

Sentry Select Capital Corp.
Project #330237

Issuer Name:

TIP Funds Canada Ltd.
Principal Regulator - Quebec

Type and Date:

Preliminary Simplified Prospectus and Annual Information Form dated January 30th, 2001
Mutual Reliance Review System Receipt dated January 30th, 2001

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

Underwriter(s) or Distributor(s):

TIP Investments Advisors Ltd.

Promoter(s):

Project #328923

Issuer Name:

Resolute Growth Fund
Principal Regulator - Ontario

Type and Date:

Amended and Restated Annual Information Form dated February 2nd, 2001 to Prospectus dated August 28th, 2000
Mutual Reliance Review System Receipt dated 5th day of February, 2001

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

Thomson Kernaghan & Co. Ltd.

Promoter(s):

Thomas Kernaghan & Co. Ltd.

Project #284300

Issuer Name:

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

Type and Date:

Amendment #1 dated January 26th, 2001 to Simplified Prospectus and Annual Information Form dated September 15th, 2000
Mutual Reliance Review System Receipt dated 6th day of February, 2001

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

Opus 2 Securities Inc.

Promoter(s):

Opus 2 Direct.com Inc.

Project #287969

Issuer Name:

Excel-Tech Ltd.
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated October 25th, 2000
Closed 6th day of February, 2001

Offering Price and Description:

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

CIBC World Markets Inc.
Scotia Capital Inc.
Yorkton Securities Inc.

Promoter(s):

John Mumford
Project #306814

Issuer Name:

Bioniche Life Sciences Inc.

Type and Date:

Final Prospectus dated February 6th, 2001
Received on February 7th, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

Project #324744

Issuer Name:

The Business, Engineering, Science & Technology
Discoveries Fund Inc.

Type and Date:

Final Prospectus dated February 1st, 2001
Received 2nd day of February, 2001

Offering Price and Description:

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

N/A

Promoter(s):

1208733 Ontario Inc.
B.E.S.T. Capital Management Limited
Project #322434

Issuer Name:

Concert Industries Ltd.
Principal Jurisdiction - British Columbia

Type and Date:

Final Prospectus dated February 5th, 2001
Mutual Reliance Review System Receipt dated 7th day of
February, 2001

Offering Price and Description:

\$18,150,000 - 3,300,000 Common Shares

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

Loewen, Ondaatje, McCutcheon Limited
National Bank Financial Corp.

Promoter(s):

N/A
Project #322651

Issuer Name:

First Ontario Labour Sponsored Investment Fund Ltd.

Type and Date:

Final Prospectus dated January 31st, 2001
Received February 1st, 2001

Offering Price and Description:

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

N/A

Promoter(s):

First Ontario Management Ltd.
Project #320450

Issuer Name:

New Millennium Internet Ventures Fund Inc.

Type and Date:

Final Prospectus dated January 22nd, 2001
Received 26th day of January, 2001

Offering Price and Description:

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

N/A

Promoter(s):

Triax Management Services Inc.
Project #320238

Issuer Name:

Western Oil Sands Inc.
Principal Regulator - Alberta

Type and Date:

Final Prospectus dated February 1st, 2001
Mutual Reliance Review System Receipt dated 1st day of
February, 2001

Offering Price and Description:

23,323,953 Common Shares - issuable upon the exercise of
previously issued

Non-voting Convertible Equity Shares (as to 22,220,296
Common Shares),

Class A Special Warrants (as to 279,950 Common Shares)
and Class B

Special Warrants (as to 823,707 Common Shares)

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

TD Securities Inc.

Promoter(s):

Guy J. Turcotte
Timohty R. Winterer
John Frangos
Allen P. Barber
Project #323155

Issuer Name:

Bema Gold Corporation
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated February 1st, 2001
Mutual Reliance Review System Receipt dated February 2nd,
2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Promoter(s):

-
Project #325653

Issuer Name:

Cell-Loc Inc.
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated January 25th, 2001
Mutual Reliance Review System Receipt dated January 25th, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Research Capital Corporation
CIBC World Markets Inc.

Promoter(s):

Project #326508

Issuer Name:

Shiningbank Energy Income Fund
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated January 25th, 2001
Mutual Reliance Review System Receipt dated January 26th, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

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

Promoter(s):

Project #326208

Issuer Name:

Superior Propane Income Fund
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated January 24th, 2001
Mutual Reliance Review System Receipt dated January 24th, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.

Promoter(s):

Project #325612

Issuer Name:

National Bank Protected Canadian Bond Fund
National Bank Protected Retirement Balanced Fund
National Bank Protected Growth Balanced Fund
National Bank Protected Canadian Equity Fund
National Bank Protected Global RSP Fund
Principal Regulator - Quebec

Type and Date:

Final Simplified Prospectus and Annual Information dated January 29th, 2001
Mutual Reliance Review System Receipt dated 2nd day of February, 2001

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

National Bank Securities Inc.

Promoter(s):

National Bank Securities Inc.

Project #311039

Issuer Name:

Pinnacle Short Term Income Fund
Pinnacle Income Fund
Pinnacle High Yield Income Fund
Pinnacle Strategic Balanced Fund
Pinnacle Global Tactical Asset Allocation Fund
Pinnacle Canadian Value Equity Fund
Pinnacle Canadian Growth Equity Fund
Pinnacle Canadian Small Cap Growth Equity Fund
Pinnacle American Value Equity Fund
Pinnacle RSP American Value Equity Fund
Pinnacle American Large Cap Growth Equity Fund
Pinnacle RSP American Large Cap Growth Equity Fund
Pinnacle American Mid-Cap Growth Equity Fund
Pinnacle RSP American Mid-Cap Growth Equity Fund
Pinnacle International Equity Fund
Pinnacle RSP International Equity Fund
Pinnacle Global Equity Fund
Pinnacle RSP Global Equity Fund
Principal Jurisdiction - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form dated January 19th, 2001
Mutual Reliance Review System Receipt dated 29th day of January, 2001

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

Scotia Capital Inc.

Promoter(s):

Scotia Capital Inc.

Project #319322

Issuer Name:

Webhelp Canada Inc.

Webhelp Inc.

Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated October 24th, 2000

Withdrawn 1st day of February, 2001

Offering Price and Description:

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

CIBC World Markets Inc.

RBC Dominion Securities Inc.

Yorkton Securities Inc.

Promoter(s):

N/A

Project #306696\306697

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Chapter 12

Registrations

12.1.1 Securities

Type	Company	Category of Registration	Effective Date
New Registration	Banc of America Securities Canada Co. Attention: Roderick Rupert Borstmayer 200 Front Street West, Suite 2700 Toronto ON M5V 3L2	Investment Dealer Equities	Feb 05/01
New Registration	Instinet Corporation Attention: Rene Sorell c/o Cartan Limited PO Box 47 Toronto Dominion Bank Tower Toronto-Dominion Centre Toronto ON M5K 1E6	International Dealer	Feb 01/01
New Registration	George Capital Inc. Attention: John L. Ross c/o Gowling Lafleur Henderson LLP Commerce Court West, Suite 4900 Toronto ON M5L 1J3	Limited Market Dealer (Conditional)	Jan 31/01
Change of Name	Reuters C Corp. Attention: Rene Sorell McCarthy Tetrault Suite 4700 Toronto ON M5K 1E6	From: Instinet Corporation To: Reuters C Corp.	Feb 01/01
Change of Category	Addington Financial Corporation Attention: Alessio (Alex) Gucciardi 7050 Weston Rd., Suite 320 Vaughan ON L4L 8G7	From: Securities Dealer To: Mutual Fund Dealer	Feb 02/01

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1 SRO Notices and Disciplinary Decisions

13.1.1 Robert Bastianon

NOTICE TO PUBLIC

**SUBJECT: TORONTO STOCK EXCHANGE
REGULATION SERVICES SETS HEARING DATE *IN THE
MATTER OF ROBERT BASTIANON TO CONSIDER AN
OFFER OF SETTLEMENT***

TSE Regulation Services ("TSE RS") will convene a Hearing before a Hearing Panel (the "Hearing Panel") of the Hearing Committee of the Toronto Stock Exchange to consider an Offer of Settlement entered into between TSE RS and Robert Bastianon while Mr. Bastianon was an Approved Person employed as a Vice President and Registered Representative - Options with Dundee Securities Corp. Mr. Bastianon is currently employed with Yorkton Securities Inc.

The Hearing will be held on February 20, 2001 at 10:30 a.m., or as soon thereafter as the Hearing can be held, at the Toronto Stock Exchange, 130 King Street West, Toronto, Ontario. The Hearing is open to the public except as may be required for the protection of confidential matters.

On December 31, 1998, Mr. Bastianon executed trades for the account of a customer when there was reason to believe that the intended purpose of the trades was to establish an artificial price or a high closing price in a listed security, contrary to section 11.26(1) of the General By-law and Part XIV of the Rulings and Directions of the Board of Governors ("Ruling XIV").

Between December 21, 1998 and January 12, 1999, Mr. Bastianon entered orders on the Exchange for or on behalf of Dundee Securities Corp. without having been approved for access to the equities market as an Approved Trader, contrary to section 8.15 of the General By-law.

According to Rule 6.03 of the Rules Governing the Practice and Procedure of Hearings, the Hearing Panel may accept or reject an Offer of Settlement. In the event the Offer of Settlement is accepted, the matter becomes final and there can be no appeal of the matter. In the event the Offer of Settlement is rejected, TSE RS may proceed with a hearing of the matter before a differently constituted Hearing Panel.

The decision of the Hearing Panel and the terms of any discipline imposed will be published by the TSE in a Notice to Participating Organizations and the disposition of the matter will be included in the permanent record of TSE RS in respect of Mr. Bastianon.

Reference:

Ron Pelletier
Chief Counsel
Investigations and Enforcement Division
Toronto Stock Exchange Regulation Services
416-947-4606

13.1.2 Stuart Gordon Smith

NOTICE TO PUBLIC

**SUBJECT: TORONTO STOCK EXCHANGE
REGULATION SERVICES SETS HEARING DATE *IN THE*
MATTER OF STUART GORDON SMITH TO CONSIDER
AN OFFER OF SETTLEMENT**

TSE Regulation Services ("TSE RS") will convene a Hearing before a Hearing Panel (the "Hearing Panel") of the Hearing Committee of the Toronto Stock Exchange to consider an Offer of Settlement entered into between TSE RS and Stuart Gordon Smith. Mr. Smith is an Approved Person employed as Managing Director and Head of Institutional Equity Trading with CIBC World Markets Inc.

The Hearing will be held on February 20, 2001 at 11:30 a.m., or as soon thereafter as the Hearing can be held, at the Toronto Stock Exchange, 130 King Street West, Toronto, Ontario. The Hearing is open to the public except as may be required for the protection of confidential matters.

On October 5, 1999, Mr. Smith failed to move the market in an orderly manner over a time period as directed by the Exchange prior to executing a trade that caused a change greater than \$1.00 in the price of a security that was selling below \$20.00, contrary to Ruling XXIII.

According to Rule 6.03 of the Rules Governing the Practice and Procedure of Hearings, the Hearing Panel may accept or reject an Offer of Settlement. In the event the Offer of Settlement is accepted, the matter becomes final and there can be no appeal of the matter. In the event the Offer of Settlement is rejected, TSE RS may proceed with a hearing of the matter before a differently constituted Hearing Panel.

The decision of the Hearing Panel and the terms of any discipline imposed will be published by the TSE in a Notice to Participating Organizations and the disposition of the matter will be included in the permanent record of TSE RS in respect of Mr. Smith.

Reference:

Ron Pelletier
Chief Counsel
Investigations and Enforcement Division
Toronto Stock Exchange Regulation Services
416-947-4606

Chapter 25

Other Information

25.1.1 Securities

TRANSFER WITHIN ESCROW

<u>COMPANY NAME</u>	<u>DATE</u>	<u>FROM</u>	<u>TO</u>	<u>NO. OF SHARES</u>
Ecoval Inc.	February 6, 2001	Fonds de solidarite des travailleurs du Quebec (F.T.Q)	CVF Technologies Corporation	143,166
Ecoval Inc.	February 6, 2001	Environmental Research and Development Capital Limited Partnership	CVF Technologies Corporation	145,301
Ecoval Inc.	February 6, 2001	Canadian Venture Founders Leasing Corp.	CVF Technologies Corporation	41,204

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Arc Sports Ltd.		Iris Canadian Equity Fund	
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Banc of America Securities Canada Co.		Iris Dividend Fund	
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Bastianon, Robert		Iris Global Equity Fund	
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Bayerische Landesbank Girozentrale		Iris Money Market Fund	
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