The Ontario Securities Commission

OSC Bulletin

March 30, 2001

Volume 24, Issue 13

(2001), 24 OSCB

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

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

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

Published under the authority of the Commission by:
IHS/Micromedia Limited
20 Victoria Street
Toronto, Ontario
M5C 2N8

416-362-5211 or 1-800-387-2689

Contact Centre - Inquiries, Complaints:	Fax: 593-8122
Capital Markets Branch:	Fax: 593-3651
Capital Markets - Registration:	Fax: 593-8283
Corporate Finance - Filings Team 1:	Fax: 593-8244
Corporate Finance - Filings Team 2:	Fax: 593-3683
Corporate Finance - Continuous Disclosure (Insider Reporting):	Fax: 593-3666
Corporate Finance - Take-Over Bids / Advisory Services:	Fax: 593-8177
Enforcement Branch:	Fax: 593-8321
Executive Offices:	Fax: 593-8241
General Counsel's Office:	Fax: 593-3681
Office of the Secretary:	Fax: 593-2318

The OSC Bulletin is published weekly by Micromedia, a division of IHS Canada, under the authority of the Ontario Securities Commission.

Subscriptions are available from Micromedia limited at the price of $520 per year. Alternatively, weekly issues are available in microfiche form at a price of $385 per year. Back volumes are also available on microfiche:

2000	$475
1999	$450
1997-98	$400/yr
1995-1996	$385/yr
1994:	$370
1993:	$275
1992:	$250
1981-1991:	$175/yr

Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

U.S.	$110
Outside North America	$220

Single issues of the printed Bulletin are available at $33.00 per copy as long as supplies are available. OSC Bulletin Plus, a full text searchable CD-ROM containing OSC Bulletin material from January 1994 is available from Micromedia Limited. The sample issue of the OSC Bulletin is available on the internet at:

"http://www.micromedia.on.ca/"

Claims from bona fide subscribers for missing issues will be honoured by Micromedia up to one month from publication date. After that period back issues will be available on microfiche only.

Full copies of both Insider Reports and Public Filings listed in Chapters 7 and 10 respectively are available from: Demand Documents Department, Micromedia, 20 Victoria Street, Toronto, Ontario M5C 2N8 (416) 362-5211, extension 2211.

Space is available in the Ontario Securities Commission Bulletin for advertisements. The publisher will accept advertising aimed at the securities industry or financial community in Canada. Advertisements are limited to tombstone announcements and professional business card announcements by members of, and suppliers to, the financial services industry.

ISSN 0226-9325

Table of Contents

TODAY'S OSC

Protects investors from unfair, improper or fraudulent practices.
Fosters fair, efficient capital markets in Ontario.
Creates confidence in the integrity of those markets.
Is pro-active, intelligently aggressive and innovative.

Today's OSC seeks exceptional individuals with the skills, energy and commitment necessary to play a leading role in Ontario's rapidly evolving capital markets.

An opportunity exists for:

LEGAL COUNSEL

GENERAL COUNSEL'S OFFICE

(6 - 9 MONTH SECONDMENT/CONTRACT OPPORTUNITY STARTING JUNE 2001)

As a Member of the Law Society of Upper Canada, with in-depth securities law knowledge and experience (within Ontario, Canada, and major foreign jurisdictions), you will assist the General Counsel in providing legal advice and assistance to staff and the Commission on a broad range of operational, policy, and regulatory matters. You also provide advice to the Commission as well as staff on principles of administrative law and the provisions of the SPPA and other applicable administrative law statutes.

At least 3 - 4 years experience since your call to the Bar and a comprehensive understanding of securities law in Ontario and Canada, in addition to familiarity with administrative law, corporate law and financial services legislation in Ontario enable you to consult with and advise the Commission, staff, issuers and market participants as well as prepare regulatory and policy responses regarding securities matters, trends, and interpretations. Your excellent communication and presentation skills allow you to represent the OSC at public forums and before advisory bodies.

If you thrive in a responsive, performance-based culture, and would like to be involved in public interest work, please submit your résumé in confidence by April 20, 2001, to Human Resources, Ontario Securities Commission, Suite 1900, Box 55, 20 Queen Street West, Toronto, Ontario, M5H 3S8. You may also fax us at 416-593-8348 or send e-mail to HR@osc.gov.on.ca.

Ontario Securities Commission

Ontario

The Ontario Securities Commission is an equal opportunity employer.

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

March 30, 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

CDS **TDX 76**

Late Mail depository on the 19th Floor until 6:00 p.m.

- -

THE COMMISSIONERS

David A. Brown, Q.C., Chair	—	DAB
Paul M. Moore, Q.C., Vice-Chair	—	PMM
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

SCHEDULED OSC HEARINGS

Date to be announced	**Mark Bonham and Bonham & Co. Inc.** s. 127 Mr. A.Graburn in attendance for staff. Panel: TBA
Apr 4/2001 2:00 p.m.	**Michael Bourgon** s. 127 Mr. Hugh Corbett in attendance for staff. Panel: HIW
Apr 16/2001- Apr 30/2001 10:00 a.m.	**Philip Services Corp., Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey, Colin Soule, Robert Waxman and John Woodcroft** s. 127 Ms. K. Manarin & Ms. K. Wootton in attendance for staff. Panel: TBA
May 7/2001- May 18/2001 10:00 a.m.	**YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths Mcburney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)** s. 127 Mr. I. Smith in attendance for staff. Panel: HIW / DB / MPC

ADJOURNED SINE DIE

DJL Capital Corp. and Dennis John Little

Dual Capital Management Limited, Warren Lawrence Wall, Shirley Joan Wall, DJL Capital Corp., Dennis John Little and Benjamin Emile Poirier

First Federal Capital (Canada) Corporation and Monter Morris Friesner

Global Privacy Management Trust and Robert Cranston

Irvine James Dyck

M.C.J.C. Holdings Inc. and Michael Cowpland

Offshore Marketing Alliance and Warren English

Robert Thomislav Adzija, Larry Allen Ayres, David Arthur Bending, Marlene Berry, Douglas Cross, Allan Joseph Dorsey, Allan Elzenga, 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

Southwest Securities

Terry G. Dodsley

Wayne Umetsu

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
May 4, 2001 1:30 p.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 Request for Comment - Concept Proposal to revise Schedule 1 (Fees)

NOTICE OF REQUEST FOR COMMENT - CONCEPT PROPOSAL TO REVISE SCHEDULE 1 (FEES) TO THE REGULATION TO THE *SECURITIES ACT* (ONTARIO)

NOTICE AND REQUEST FOR COMMENT - 11-901

Chapter 6 of the Bulletin contains a Request for Comment for a Commission concept proposal relating to a proposal to amend Schedule 1 (Fees) to the Regulation to the *Securities Act* (Ontario).

1.2 News Releases

1.2.1 Phoney Website Alerts Investors to Internet Hazards

FOR IMMEDIATE RELEASE
March 29, 2001

PHONEY WEBSITE ALERTS INVESTORS TO INTERNET HAZARDS: OSC

Toronto – A phoney website established by the Ontario Securities Commission illustrates the pitfalls of making investment decisions based on unverifiable information provided over the Internet.

The OSC site, NoRiskWealth.ca was launched on January 22, and promised investors unusually high returns with little or no risk. In the six weeks that the site was operational it had more than 16,000 hits with over 1,000 visitor sessions.

"People were prepared to invest thousands of dollars based solely on unsubstantiated information provided on a website, and scores more wanted additional information," said OSC Director of Enforcement, Michael Watson. "The lesson from this exercise is that people should not trust information on the Internet unless they have confidence in the source."

The project also tested the ability of securities regulators to monitor the Internet, Mr. Watson said.
"Four different regulators, including OSC staff who were not aware of the project, discovered the site just days after it went live," Mr. Watson said. "This experiment demonstrated that proactive monitoring of the Internet can assist regulators in detecting scam artists and shutting them down."

The OSC gathered valuable information about potential traffic to other websites, Mr. Watson added. For example, approximately 60 percent of the visitors to the website came from the US, 30 percent from Canada and 10 percent from other countries. "The project gave us a first hand look at the potential for abuse and a greater understanding of how these scams function," he added.

In order to assure the authenticity of the site, the OSC created the content modelled on scams that they have observed, and promoted it using the same tactics that are generally employed by Internet con artists. The website was operated by an outside contractor, AssetRisk, and configured so that the OSC does not have access to information about individuals who visited the site.

References:

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

Colin McCann
Investigator, Enforcement Branch
(416) 593-8285

Rowena McDougall
Senior Communications Officer
(416) 593-8117

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Aventis S.A. - MRRS Decisions

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from prospectus requirements granted in respect of certain trades in units of an employee savings fund made pursuant to a leveraged offering by French issuer, provided that all sales of such units be made through a registrant – relief from registration and prospectus requirements upon the redemption of such units for shares of the issuer – relief from the registration and prospectus requirements granted in respect of first trade of such shares where such trade is made through the facilities of a stock exchange outside of Canada – relief granted to the manager of the Fund from the adviser registration requirement

Applicable Ontario Statutory Provisions

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

Applicable Ontario Regulations

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

Applicable Ontario Rules

OSC Rule 45-503 - Trades to Employee, Executives and Consultants.

OSC Rule 72-501 - Prospectus Exemption for First Trade Over a Market Outside Ontario.

OSC Policy 4.8 - Non Resident Advisers.

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
AVENTIS S.A.

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Aventis S.A. (the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

(i) the requirements contained in the Legislation to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") shall not apply to certain trades in units (the "Units") of a French employee savings fund (fond commun de placement d'entreprise or "FCPE"), the Aventis Performance Fund (the "Fund"), made pursuant to the Leveraged Plan Offering (as defined below) to or with Qualifying Employees (as defined below) resident in Canada who elect to participate (the "Canadian Participants") in the Leveraged Plan Offering;

(ii) the requirements in the Legislation to be registered to trade in a security (the "Registration Requirements", and together with the Prospectus Requirements, the "Registration and Prospectus Requirements") shall not apply to the transfer of ordinary shares (the "Shares") of the Filer by the Fund to Canadian Participants upon the redemption of Units by Canadian Participants;

(iii) the Registration and Prospectus Requirements shall not apply to the issuance to Canadian Participants of units by a successor fund to which the Fund's assets may be transferred, nor to the subsequent transfer of Shares by such successor fund to Canadian Participants upon the redemption of such units by Canadian Participants;

(iv) the Registration and Prospectus Requirements shall not apply to the first trade in Shares acquired by Canadian Participants under the Leveraged Plan Offering where such trade is made through the facilities of a stock exchange outside of Canada; and

(v) the manager of the Fund, Interépargne, an asset management company governed by the laws of France (the "Manager"), shall be exempt from the requirement contained in the Legislation to be registered as an adviser (the "Adviser Registration Requirement") to the extent that its activities in relation to the Leveraged Plan Offering require compliance with the Advisor Registration Requirements.

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 formed under the laws of France. The Filer is not, and does not intend to become, a reporting issuer (or equivalent) under the Legislation of any Jurisdiction. Shares of the Filer are listed and posted for trading on the Deutsche Börse, the Paris Bourse and the New York Stock Exchange (in the form of American Depositary Shares).

2. The Filer carries on business in Canada through the following affiliated companies: Aventis Animal Nutrition Canada Inc., Aventis CropScience Canada Co., Aventis Pharma Inc., Aventis Pharma Services Inc., Aventis Pasteur Limited, Aventis Behring Canada, Inc. and Dermik Laboratories Canada Inc. (the "Canadian Affiliates", together with the Filer and other affiliates of the Filer, the "Aventis Group"). Each of the Canadian Affiliates is a direct or indirect controlled subsidiary of the Filer and is not, and does not intend to become, a reporting issuer (or equivalent) under the Legislation of any Jurisdiction.

3. The Filer has established a worldwide stock purchase plan for employees of the Aventis Group (the "Employee Share Offering"). Only persons (the "Qualifying Employees") who are employees of a member of the Aventis Group at the time of the Employee Share Offering are eligible to participate in the Employee Share Offering.

4. The Employee Share Offering is comprised of two plans: i) an offering of Shares by the Filer (the "Classic Plan Offering"), and ii) an offering of Units by the Fund.

5. The Classic Plan Offering has now concluded. Under the Classic Plan Offering, Qualifying Employees were offered the opportunity to purchase Shares at a purchase price calculated as the average of the closing prices of the Shares on the 20 trading days preceding Aventis board approval of the Employee Share Offering (the "Reference Price"), less a 15% discount. The Reference Price was 82.01 euros. The subscription price per Share was accordingly 69.71 euros (CDN$108.68).

6. The Filer has previously been granted exemptive relief in connection with the Classic Plan Offering by MRRS Decision of the Decision Makers, other than the Decision Maker in Ontario, dated October 14, 2000. The relief requested in connection with the Classic Plan Offering was not required in Ontario.

7. As an alternative to directly subscribing for Shares under the Classic Plan Offering, Qualifying Employees may purchase Units of the Fund. Under the Leveraged Plan Offering, a Qualifying Employee will purchase Units in the Fund, and the Fund will then purchase Shares using the Employee Contribution (as described below) and certain financing made available by a major European bank, Deutsche Bank A.G. ("Deutsche Bank").

8. The Fund was established for the purpose of implementing the Leveraged Plan Offering. The Fund is not, and does not intend to become, a reporting issuer (or equivalent) under the Legislation of any Jurisdiction.

9. The Fund is a collective shareholding vehicle of a type commonly used in France for the conservation or custodianship of shares held by employee investors. Only Qualifying Employees will be allowed to hold Units of the Fund, and such holdings will be in an amount proportionate to their respective investments in the Fund.

10. The Leveraged Plan Offering represents an opportunity for Qualifying Employees potentially to obtain significantly higher gains than would be available under the Classic Plan Offering, by virtue of the Qualifying Employee's indirect participation in a financing arrangement involving a swap agreement (the "Swap Agreement") between the Fund and Deutsche Bank. In economic terms, the Swap Agreement effectively involves the following exchange of payments: for each Share which may be purchased by the Qualifying Employee's contribution under the Leveraged Plan Offering at the Reference Price less the 15% discount (the "Employee Contribution"), Deutsche Bank will lend to the Fund (on behalf of the Qualifying Employee) an amount sufficient to enable the Fund (on behalf of the Qualifying Employee) to purchase an additional nine Shares (the "Deutsche Bank Contribution") at the Reference Price less the 15% discount.

11. At the time the Qualifying Employee's obligations under the Swap Agreement are settled, expected to occur on April 1, 2005 (the "Settlement Date"), the Qualifying Employee will, for each Unit held by the Qualifying Employee, be entitled to retain from the proceeds of the ten Shares then held by the Fund (on behalf of the Qualifying Employee), an amount equal to

    i) the then value of one Share, which represents the Share purchased by the Employee Contribution; and

    ii) forty per cent of the amount of the appreciation in value, if any, of the nine Shares purchased by the Deutsche Bank Contribution above the Reference Price for such nine Shares (that is, 40% of any increase in the value of such shares over the Reference Price of 82.01 euros) (the "Appreciation Amount").

    At the Settlement Date, the Fund on behalf of the Qualifying Employee will be required to remit an amount equal to the balance of the proceeds of the ten Shares then owned or deemed to be owned by such Qualifying Employee to Deutsche Bank. This payment obligation may be satisfied by the transfer of Shares to Deutsche Bank by the Fund.

12. Under French law, the Shares purchased or acquired by Qualifying Employees under the Classic Plan Offering and the Units purchased or acquired by Qualifying Employees under the Leveraged Plan

Offering are subject to a hold period (the "Hold Period"), which expires on April 1, 2005, subject to certain exceptions (such as an earlier release on death, permanent disability, termination of employment or retirement).

13. As with the Classic Plan Offering, under the Leveraged Plan Offering, the Canadian Participants enjoy the benefit of a 15% discount to the Reference Price. Under the Leveraged Plan Offering, the Canadian Participants effectively receive a share appreciation entitlement in the increase in value, if any, of the Shares financed by the Deutsche Bank Contribution.

14. Under French law, the Fund, as an FCPE, is a limited liability entity, and the Canadian Participants' potential obligations under the Swap Agreement will be limited to the assets of the Fund. The offering documents provided to Canadian Participants will confirm that, under no circumstances, will a Canadian Participant be liable to any of the Fund, Deutsche Bank or the Filer for amounts in excess of his or her Employee Contribution in respect of the Leveraged Plan Offering.

15. For Canadian federal income tax purposes, the Units acquired by Canadian Participants under the Leveraged Plan Offering will represent a pro rata ownership interest by the Canadian Participants in the Shares held by the Fund, together with the Fund's rights and obligations under the Swap Agreement, and any other assets which may be held by the Fund, which status will be confirmed in the offering documents provided to Canadian Participants.

16. During the term of the Swap Agreement, dividends paid on the Shares financed by the Employee Contribution and the Deutsche Bank Contribution will be remitted to the Fund, and the Fund will remit an equivalent amount to Deutsche Bank as partial consideration for the obligations assumed by Deutsche Bank under the Swap Agreement.

17. For Canadian federal income tax purposes, the Canadian Participants will be deemed to receive all dividends paid on the Shares financed by either the Employee Contribution or the Deutsche Bank Contribution, at the time such dividends are paid to the Fund, notwithstanding the actual non-receipt of the dividends by the Canadian Participants. Consequently, Canadian Participants will be required to fund the tax liabilities associated with the dividends without recourse to the actual dividends.

18. The declaration of dividends on the Shares remains at the sole discretion of the board of directors of the Filer. The Filer has not made any commitment to Deutsche Bank as to any minimum payment in respect of dividends.

19. To respond to the fact that, at the time of the initial investment decision relating to participation in the Leveraged Plan Offering, Canadian Participants will be unable to quantify their potential income tax liability resulting from such participation, the Filer will enter into an indemnity agreement (the "Tax Indemnity Agreement") with each Canadian Participant.

20. Pursuant to the Tax Indemnity Agreement, the Filer will indemnify Canadian Participants in the Leveraged Plan Offering for all tax costs to the Canadian Participants associated with the payment of dividends in excess of 10 euros per Share during the Hold Period such that, in all cases, a Canadian Participant will, at the time of the original investment decision, be able to quantify, with certainty, his or her maximum tax liability in connection with dividends received by the Fund on his or her behalf under the Leveraged Plan Offering.

21. At the time the Qualifying Employee's obligations under the Swap Agreement are settled (expected to occur on the Settlement Date), the Qualifying Employee will realize a capital gain (or a capital loss) by virtue of having participated in the Swap Agreement to the extent that amounts received by the Fund, on behalf of the Qualifying Employee, from Deutsche Bank exceed (or are less than) amounts paid by the Fund, on behalf of the Qualifying Employee, to Deutsche Bank. To the extent that dividends on Shares that are deemed to have been received by a Canadian Participant are paid by the Fund on behalf of the Canadian Participant to Deutsche Bank, such payments will reduce the amount of any capital gain (or increase the amount of any capital loss) to the Canadian Participant under the Swap Agreement. Capital losses (gains) realized by a Canadian Participant under the Swap Agreement may be offset against (reduced by) any capital gains (losses) realized by the Canadian Participant on a disposition of the Shares, in accordance with the rules and conditions under the *Income Tax Act* (Canada) or comparable provincial legislation (as applicable).

22. Following the expiry of the Hold Period, the Swap Agreement will terminate and a Canadian Participant may elect to

    (i) redeem Units in the Fund in consideration for a payment by the Fund of an amount equal to the value of the Shares purchased with the Canadian Participant's initial contribution and the Canadian Participant's portion of the Appreciation Amount, if any, to be settled by delivery of such number of Shares equal to such amount or the cash equivalent of such amount; or

    (ii) receive units in a successor FCPE (the "Successor Fund") to which the Fund's assets are transferred, and redeem those units at a later date.

23. In the event a Canadian Participant elects to receive units in the Successor Fund, the underlying Shares represented by the Canadian Participants' Units will be transferred to the Successor Fund. The Successor Fund will be identical in all material respects to the Fund except that i) there will be no swap arrangement, and ii) there will be no period corresponding to the Hold Period. In economic terms, units in the Successor

Fund will be equivalent in all material respects to American Depositary Shares.

24. As indicated above, the Manager is an asset management company governed by the laws of France. The Manager is registered with the French Commission des Opérations de Bourse (the "COB") and complies with the rules of the COB. Its principal activities consist of the management of FCPEs and other funds organized under the laws of France.

25. The Manager may, for the Fund's account, acquire, sell or exchange all securities in the portfolio (the "Portfolio"). The Portfolio will consist of Shares, the Swap Agreement and cash or cash equivalents which the Fund may hold pending investment in Shares and for purposes of Unit redemptions. The Manager's portfolio management activities in connection with the Leveraged Plan Offering and the Fund are limited to purchasing Shares from the Filer using the Employee Contribution and the Deutsche Bank Contribution, selling such Shares as necessary in order to fund redemption requests, and such activities as may be necessary to give effect to the Swap Agreement.

26. The Manager is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules by the Fund.

27. Shares issued under the Leveraged Plan Offering will be deposited into the Fund through Natexis Banques Populaires (the "Depositary"), a French commercial bank subject to French banking legislation.

28. Under French law, the Depositary must be selected by the Manager from among a limited number of companies identified on a list by the French Minister of the Economy, and its appointment must be approved by the COB. The Depositary carries out orders to purchase, trade and sell securities in the Portfolio and takes all necessary action to allow the Fund to exercise the rights relating to the securities held in the Portfolio.

29. Qualifying Employees resident in Canada will not be induced to participate in the Leveraged Plan Offering by expectation of employment or continued employment.

30. A Canadian Participant's initial contribution to the Fund under the Leveraged Plan Offering will not exceed the value of 30 Shares (at the subscription price of 69.71 Euros per Share or CDN$108.68). The total amount which may be invested by a Canadian Participant in the Employee Share Offering, including the Canadian Participant's investment in the Classic Plan Offering and the Leveraged Plan Offering, may not exceed 25% of the Canadian Participant's 1999 gross annual compensation.

31. None of the Filer, the Canadian Affiliates or any of their employees, agents or representatives will provide investment advice to the Qualifying Employees with respect to an investment in Units.

32. The Filer has retained TD Securities Inc. to provide advisory services to the Canadian Participants in connection with the Leveraged Plan Offering and to make a determination, in accordance with industry practices, as to whether an investment in the Leveraged Plan Offering is suitable for each Canadian Participant based on his or her particular financial circumstances. TD Securities Inc. will establish accounts for, and will receive the initial account statements from the Fund on behalf of, each Canadian Participant.

33. The Units will be issued by the Fund to the Canadian Participants solely through TD Securities Inc. The Units will be evidenced by account statements issued by the Fund. TD Securities Inc. is registered as a broker/investment dealer under the Legislation of each Jurisdiction.

34. The Canadian Participants will receive an information package in the French or English languages, at their option, that will include

    (i) a summary of the terms of the Leveraged Plan Offering,

    (ii) a tax notice relating to the Fund containing a description of the Canadian income tax consequences of purchasing and holding Units in the Fund, and of the anticipated tax consequences associated with the issue to Canadian Participants of units in a Successor Fund

    (iii) a risk statement, substantially in the form presented to the Commission, that will describe certain risks associated with an investment in Units pursuant to the Leveraged Plan Offering, and will confirm certain of the income tax consequences of purchasing and holding Units in the Fund.

    Upon request, employees will be entitled to receive copies of the Filer's annual report on Form 20-F filed with the United States Securities and Exchange Commission and/or the French *Document de Référence* filed with the COB in respect of the Shares. In addition, a *Note d'Opération* was filed with the COB in respect of the Employee Share Offering. A copy of the *Note d'Opération* as well as a copy of the Fund's rules shall be made available to employees by the Fund upon request.

35. Copies of all continuous disclosure materials relating to the Filer which are furnished to shareholders generally will be furnished to Canadian Participants who subscribe for Shares and Units in the Fund.

36. It is not expected that there will be any market for Units or Shares in Canada.

37. There are approximately 1,880 Qualifying Employees resident in Canada as follows: in the provinces of Ontario (1,024), Québec (546), Saskatchewan (190), British Columbia (26), Alberta (55), Newfoundland (2), New Brunswick (2), Nova Scotia (10) and Manitoba

(23), who represent in the aggregate approximately 2% of the number of Qualifying Employees worldwide.

38. As of the date hereof and after giving effect to the Leveraged Plan Offering, Canadian Participants do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all Shares held by the Fund on behalf of Canadian Participants) more than 10 per cent of the Shares and do not and will not represent in number more than 10 per cent of the total number of holders of the Shares as shown on the books of the Filer.

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:

(a) the Prospectus Requirements shall not apply to trades of the Units by the Fund to the Canadian Participants pursuant to the Leveraged Plan Offering, provided that all trades that are sales in a Jurisdiction are made through a dealer that is registered as a broker/investment dealer in the Jurisdiction, and the first trade in Units acquired by Canadian Participants pursuant to this Decision in a Jurisdiction shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction;

(b) the Registration and Prospectus Requirements shall not apply to

i) trades of Shares by the Fund to the Canadian Participants upon the redemption of Units by Canadian Participants pursuant to the Leveraged Plan Offering, or

ii) the issuance of units to Canadian Participants by the Successor Fund to which the Fund's assets may be transferred, nor to the subsequent trade of Shares by such Successor Fund to the Canadian Participants upon the redemption of such units by Canadian Participants,

provided that, in each case, the first trade in any such Shares or units acquired by a Canadian Participant pursuant to this Decision in a Jurisdiction shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction;

(c) the Registration and Prospectus Requirements shall not apply to the first trade in any Shares acquired by a Canadian Participant under the Leveraged Plan Offering provided that such trade is

i) made through a person or company that is appropriately licensed to carry on business as a broker/dealer (or the equivalent) under the applicable securities legislation in the jurisdiction where the trade is executed; and

ii) executed through the facilities of a stock exchange outside of Canada;

(d) the Manager shall be exempt from the Advisor Registration Requirements, where applicable, in order to carry out the activities described in paragraphs 25 and 26 hereof.

March 20, 2001.

"John Geller" "Stephen Adams"

2.1.2 Mikes Restaurants Inc. - MRRS Decision

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
QUÉBEC AND ONTARIO

AND

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

AND

IN THE MATTER OF
MIKES RESTAURANTS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "**Decision Maker**") in each of Québec and Ontario (the "**Jurisdictions**") has received an application from Mikes Restaurants Inc. ("**Mikes**") for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that Mikes 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"), *la Commission des valeurs mobilières du Québec* is the principal regulator for this application;

AND WHEREAS Mikes has represented to the Decision Makers that:

1. Mikes is a corporation existing under the *Canada Business Corporations Act* ("CBCA");

2. Mikes is a reporting issuer under the Legislation and is not in default of any of the requirements of the legislation;

3. Mikes's principal place of business is in Montréal, Québec;

4. The authorized share capital of Mikes consists of an unlimited number of common shares, of which 3,065,172 common shares are issued and outstanding;

5. As a result of an offer to purchase by Pizza Delight Corporation ("PDC"), by way of take-over bid, for all of the issued and outstanding common shares of Mikes, and the subsequent compulsory acquisition under section 206 of the CBCA of all common shares of Mikes not tendered to the take-over bid, PDC became the sole shareholder of Mikes on February 16, 2001;

6. Mikes common shares were listed from The Toronto Stock Exchange and no securities of Mikes are listed or posted on any exchange or market;

7. Mikes has no other securities, including debt securities, outstanding other than the common shares held by PDC; and

8. Mikes does not intend to seek public financing by way of an offering of securities.

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

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

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

DATED at Montréal, Québec this 12th day of March, 2001.

"Jean-François Bernier"

2.1.3 RBC Dominion Securities Inc. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a connected issuer, but not a related issuer, in respect of registrants that are underwriters in proposed distributions of medium term notes by the issuer - Underwriters exempt from the independent underwriter requirement in the legislation provided that issuer not in financial difficulty.

Applicable Ontario Regulations

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

Applicable Ontario Rules

Proposed Multi-Jurisdictional Instrument 33-105 *Underwriting Conflicts* (published for comment February 6, 1998).

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

AND

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

AND

IN THE MATTER OF
RBC DOMINION SECURITIES INC. AND
CIBC WORLD MARKETS INC. AND
SEARS CANADA INC.

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Quebec and Newfoundland (the "Jurisdictions") has received an application from RBC Dominion Securities Inc. ("RBCDS") and CIBC World Markets Inc. ("CIBCWM") (collectively, the "Filers") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from acting as an underwriter in connection with a distribution of securities by an issuer made by means of a prospectus, where the issuer is a connected issuer (or the equivalent) of the registrant unless a portion of the distribution at least equal to that portion underwritten by non-independent underwriters is underwritten by independent underwriters, shall not apply to the Filers in respect of each proposed distribution (the "Offerings") of an aggregate amount of up to $500,000,000 medium term notes (the "Notes") of Sears Canada Inc. (the "Issuer") to be made pursuant to a short form shelf prospectus (the "Prospectus") dated February 9, 2001 which has been filed with the Decision Maker of each of the Jurisdictions and a prospectus supplement (the "Prospectus Supplement") expected to be filed with the Decision Maker of each of 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 the Filers have represented to the Decision Makers that:

1. The Issuer is a corporation governed by the *Canada Business Corporations Act*. The Issuer's head office is at 222 Jarvis Street, Toronto, Ontario.

2. The Issuer is a "reporting Issuer" or the equivalent thereof, and to the Filers' knowledge is not in default, in each of the provinces and territories of Canada.

3. The Issuer is engaged in the retail business.

4. The Issuer's common shares are listed on the Toronto Stock Exchange Inc.

5. RBCDS will be the lead dealer for certain of the Offerings and its executive and registered office is at 200 Bay Street, Royal Bank Plaza, P. O. Box 50, Toronto, Ontario, M5J 2W7.

6. RBCDS is a corporation governed by the *Canada Business Corporations Act* and is a wholly owned subsidiary of a Canadian chartered bank, the Royal Bank of Canada (the "Royal Bank").

7. CIBCWM will be the lead dealer for certain of the Offerings and its head office is at BCE Place, 161 Bay Street, Toronto, Ontario, M5J 2S8.

8. CIBCWM is a corporation governed by the *Business Corporations Act* (Ontario) and is a wholly owned subsidiary of a Canadian chartered bank, the Canadian Imperial Bank of Commerce (the "CIBC").

9. In connection with the Offerings, the Issuer has filed the Prospectus with the Decision Makers and a MRRS decision document (a receipt) was issued on February 12, 2001.

10. The Prospectus, together with the Prospectus Supplements, will qualify the distribution of the Notes which may be offered from time to time in an aggregate principal amount of up to $500,000,000.

11. The Filers, together with BMO Nesbitt Burns Inc., Scotia Capital Inc. and TD Securities Inc. (collectively, the "Dealers") intend to act as the Issuer's exclusive agents to solicit, from time to time, offers to purchase the Notes.

12. The approximate proportionate share of the initial Offering to be distributed by each of the Dealers is expected to be as follows:

Dealer Name	Proposed Proportionate Share of the Offerings
RBCDS	40%
CIBCWM	30%
BMO Nesbitt Burns Inc.	10%
Scotia Capital Inc.	10%
TD Securities Inc.	10%

13. The Issuer has a credit facility in the amount of $50 million from the Royal Bank and a credit facility from the CIBC in the amount of $50 million (together the "Credit Facilities"). The Issuer intends to draw down on the Credit Facilities in the approximate amount of $100 million to repay certain debentures issued by the Issuer maturing on March 1, 2001. Such amount drawn on the Credit Facilities will be repaid from the net proceeds of the Offerings.

14. The Royal Bank or the CIBC did not participate, and will not in the future participate, in any decision to make the Offerings of the Notes under Prospectus Supplements nor in the determination of the terms of the Offerings or the use of proceeds thereof.

15. BMO Nesbitt Burns Inc., Scotia Capital Inc. and TD Securities Inc. are independent dealers (collectively, the "Independent Dealers") within the meaning in the proposed Multi-jurisdiction Instrument 33-105 – *Underwriters Conflicts* (the "Proposed Instrument"). The Independent Dealers will distribute at least 20% of the Notes distributed during each Offering conducted while the Credit Facilities remain outstanding, and have been and will participate in the due diligence relating to the Offerings and in the structuring and pricing of the Offerings.

16. The Filers will not benefit in any manner from the distribution of the Notes other than the payment of the fees in connection with the distribution of such Notes.

17. By virtue of the Credit Facilities, the Issuer may, in connection with the Offerings, be considered a "connected issuer" or the equivalent to each of RBCDS and CIBCWM pursuant to the Legislation.

18. The Issuer is not a "related issuer" or the equivalent to the Filers or any other Dealers within the meaning of the Proposed Instrument.

19. The nature and details of the relationship between the Issuer and the Filers will be described in the Prospectus Supplement and the Prospectus Supplement will contain the information specified in Appendix "C" of the Proposed Instrument with respect of each Offering made while the Credit Facilities remain outstanding.

20. The Issuer is not a "specified party" within the meaning of the Proposed Instrument.

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 Makers with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the Independent Underwriter Requirement shall not apply to the Filers in connection with the Offerings provided the Issuer is not a related issuer, as defined in the Proposed Instrument, to the Filers at the time of the Offering and is not a specified party, as defined in the Proposed Instrument, at the time of the Offering.

March 8, 2001.

"J.A. Geller" "Robert W. Davis"

2.1.4 Scotia Capital Inc. et al. - MRRS Decision

Headnote

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

Applicable Ontario Statutes

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

Applicable Ontario Regulations

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

Rules Cited

Proposed Multi-jurisdictional Instrument 33-105 - Underwriting Conflicts (1998) 21 OSCB 781.

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

AND

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

AND

IN THE MATTER OF SCOTIA CAPITAL INC.,
TD SECURITIES INC.,
NATIONAL BANK FINANCIAL INC., RBC DOMINION SECURITIES INC.,
BMO NESBITT BURNS INC. AND TRILON SECURITIES CORPORATION
AND ASTRAL MEDIA INC.

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Quebec and Newfoundland (the "Jurisdictions") has received an application from Scotia Capital Inc., TD Securities Inc., National Bank Financial Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc. and Trilon Securities Corporation (collectively, the "Underwriters") for a decision pursuant to the securities legislation of Ontario, British Columbia, Alberta, Quebec and Newfoundland (the "Legislation") that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from acting as an underwriter in connection with a distribution of securities of an issuer made by means of prospectus, where the issuer is a connected issuer (or the equivalent) of the registrant unless a portion of the distribution at least equal to that portion underwritten by non-independent underwriters is underwritten by an independent underwriter, shall not apply to the Underwriters in respect of a proposed distribution (the "Offering") of Class A Non-Voting Shares of Astral Media Inc. (the "Issuer") to be made by means of a prospectus (the "Prospectus");

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 and the Underwriters have represented to the Decision Makers that:

1. The Issuer was continued under the *Canada Business Corporations Act* by Certificate of Continuance dated August 27, 1986.

2. The Class A shares of the Issuer are listed on The Toronto Stock Exchange.

3. The head office of the lead underwriter, Scotia Capital Inc., is in Ontario.

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

5. The Issuer filed a preliminary prospectus dated March 12, 2001 (the "Preliminary Prospectus") in all Canadian provinces in order to qualify the distribution of 2,130,000 Class A Non-Voting Shares at a price of $ 47/per share.

6. Pursuant to the terms of an underwriting agreement (the "Underwriting Agreement") between the Issuer and the Underwriters, the Underwriters will agree to act as underwriters in connection with the Offering. The proportionate share of the Offering to be underwritten by each of the Underwriters is as follows:

Underwriter Name	Proportionate Share of Offering
Scotia Capital Inc.	45%
TD Securities Inc.	15%
CIBC World Markets Inc.	10%
National Bank Financial Inc.	10%
RBC Dominion Securities Inc.	10%
BMO Nesbitt Burns Inc.	8%
Trilon Securities Corporation	2%

5. Timothy R. Price, a Director of the Issuer, is Chairman of Trilon Financial Corporation, an affiliate of Trilon Securities Corporation ("Trilon").

6. The Issuer has an agreement with a syndicate of financial institutions (the "Syndicate") for a revolving facility of up to $60 million and an acquisition facility of up to $145 million (collectively, the "Facilities"). Each of Scotia Capital Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc. and National Bank Financial Inc. is controlled by a Canadian chartered bank: the Scotia Bank, the Royal Bank, the Toronto-Dominion Bank, the Bank of Montreal and the National Bank, respectively (the "Banks"), each of which is a member of the Syndicate and accordingly, the Issuer may be a connected issuer of the Banks. The Scotia Bank, the Royal Bank, the Toronto-Dominion Bank, the Bank of Montreal and the National Bank are responsible for 17.07%, 21.95%, 14.63%, 17.07% and 21.95% respectively, of any sums borrowed under the Facilities.

7. As of the date hereof, there are no amounts outstanding under the Facilities.

8. The Issuer is not a "related issuer", as defined in Section 1.2(2) of the proposed Multi-Jurisdictional Instrument 33-105, Underwriting Conflicts ("33-105") of any of the Underwriters for the purposes of the Offering. In addition, the Issuer is not a "specified party", as the term is defined in Section 3.2(b)(i)(A) of 33-105.

9. The Banks did not participate in the decision to make the Offering nor in the determination of the terms of the Offering.

10. The Underwriters will not benefit in any manner from the Offering other than the payment of their fee in connection with the Offering.

11. CIBC World Markets Inc., one of the Underwriters of the Offering, and Trilon Securities Corporation are not members of the Syndicate under the Facilities.

12. The disclosure required by Schedule C to 33-105 is contained in the Preliminary Prospectus and will be contained in the Prospectus which will disclose the nature of the relationship between the Issuer and the Underwriters.

13. The Issuer is not in financial difficulty, is not under any financial pressure to proceed with the Offering and is not in default in any of its obligations.

14. The certificate in the Prospectus will be signed by each of the Underwriters as required by the legislation.

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 Independent Underwriter Requirement shall not apply to the Underwriters in connection with the Offering provided the Issuer is not a related issuer, as defined in 33-105, to the Underwriters at the time of the Offering and is not a specified party, as defined in the 33-105, at the time of Offering.

March 21, 2001.

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

2.1.5 Pendaries Petroleum Ltd. - MRRS Decision

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 NOVA SCOTIA, ALBERTA, ONTARIO, SASKATCHEWAN, NEWFOUNDLAND AND QUEBEC

AND

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

AND

IN THE MATTER OF
PENDARIES PETROLEUM LTD.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (collectively the "Decision Makers") in each of Nova Scotia, Alberta, Ontario, Saskatchewan, Newfoundland and Quebec (the "Jurisdictions") has received an application from Pendaries Petroleum Ltd. ("Pendaries") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Pendaries be deemed to have ceased to be a reporting issuer under the Legislation;

AND WHEREAS pursuant to 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 Pendaries has represented to the Decision Makers that:

1. Pendaries was incorporated under the laws of Canada on August 29, 1996, and continued under the laws of the Province of New Brunswick on September 9, 1996.

2. Pendaries' registered office is located in the Province of New Brunswick.

3. The authorized capital of Pendaries consists of an unlimited number of common shares of Pendaries ("Pendaries Common Shares"). As of January 18, 2001, 9,490,470 Pendaries Common Shares were issued and outstanding.

4. Pursuant to a Certificate of Arrangement effective at 12:01 a.m. (Fredericton time) on January 16, 2001 (the "Effective Time"):

   (a) all of the then issued and outstanding Pendaries Common Shares were transferred to Ultra Petroleum Corp. ("Ultra"); and

   (b) Ultra issued common shares of Ultra ("Ultra Common Shares") to each person who held Pendaries Common Shares immediately prior to the Effective Time on the basis of 1.58 Ultra Common Shares for each 1.00 Pendaries Common Share.

5. As a result of the exchange described in paragraph 4., Pendaries became a wholly-owned subsidiary of Ultra.

6. The Pendaries Common Shares were delisted from trading on The Toronto Stock Exchange and the American Stock Exchange effective as of the closing of business on January 18, 2001. No securities of Pendaries are listed on any stock exchange or quoted on any market.

7. No securities are outstanding in the capital of Pendaries including debt securities other than the Pendaries Common Shares and debt securities held by Ultra.

8. Pendaries does not intend to seek public financing by way of an offering of its securities.

9. Pendaries is a reporting issuer under the Legislation and is not in default of any of its obligations as a reporting issuer under the Legislation.

AND WHEREAS pursuant to 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 pursuant to the Legislation is that Pendaries is deemed to have ceased to be a reporting issuer under the Legislation.

March 1, 2001.

"H. Leslie O'Brien"

2.1.6 Orbit Mutual Fund Management Ltd. et al. - MRRS Decision

Headnote

Exemptive Relief Application - Extension of lapse date to provide resolution of QC (PR) issuer concerning the Trust.

Statutes Cited

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

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

AND

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

AND

IN THE MATTER OF
ORBIT MUTUAL FUND MANAGEMENT LIMITED
ORBIT WORLD FUND,
ORBIT CANADIAN EQUITY FUND AND
ORBIT NORTH AMERICAN EQUITY FUND

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of Québec, British Columbia, Alberta and Ontario (the "Jurisdictions") has received an application (the "Application") from Orbit Mutual Fund Management Limited ("Orbit" or the "Manager"), Orbit World Fund, Orbit Canadian Equity Fund and Orbit North American Equity Fund (collectively, the "Funds") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation"), extending the lapse date prescribed by the Legislation for the filing of the Funds final simplified prospectus and final annual information form up to March 31st, 2001 inclusively in order to enable them to continue the distribution of their securities beyond the Lapse Date (as defined in paragraph 4 below) of their simplified prospectus dated February 25th, 2000 (the "Current Prospectus");

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

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

1. Orbit is a corporation established under the laws of Canada. It is the Manager, the Trustee and the Promoter of the Funds.

2. The Funds are open-ended mutual fund trusts established under the laws of the Province of Ontario by way of declarations of trust.

3. The Funds are a reporting issuers under the Legislation and are not default of any of the requirements of the Legislation or the regulations made thereunder.

4. The Funds' securities are currently distributed to the public in all the Jurisdictions pursuant to the Current Prospectus. The lapse date is February 25th, 2001 (British Columbia and Alberta) in certain Jurisdictions and March 11th, 2001 (Québec and Ontario) in certain other Jurisdictions (collectively, the "Lapse Date"), and the latest date for the filing of the final simplified prospectus and final annual information form is February 25th, 2001 in British Columbia and Alberta and March 11th, 2001 in Québec and Ontario.

5. Since the date of the Current Prospectus, no material change has occurred in respect of the Funds and no amendments have been made to the Prospectus.

6. In order that it may be determined if Orbit, acting as Trustee of the Funds, is governed or not by the Trust Companies and Savings Companies Act (R.S.Q., chapter S-29.01) the Manager has requested for an extension of the Lapse Date up to March 31st, 2001 inclusively.

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 Lapse Date, is hereby extended up to March 31st, 2001 inclusively and that the distribution of the securities of the Funds may continue provided that:

(a) a receipt for the final simplified prospectus is obtained from the Decision Makers within 20 days after March 31st, 2001 inclusively;

(b) all unitholders of record of the Funds in Alberta and in British Columbia (the "Affected Unitholders") who purchased units of any Fund after the Lapse Date and before the date of this Decision Document are provided with the right (the "Cancellation Right") to cancel such trades within 90 days of the receipt of a statement (the "Statement") describing the Cancellation Right, which is to be mailed by Orbit to Affected Unitholders and to receive, upon the exercise of a Cancellation Right the purchase price paid on the acquisition of such units and all fees and expenses incurred in effecting such purchase (the net asset value per unit on the date of such a purchase by an Affected Unitholder is hereinafter defined as the "Purchase Price per Unit");

(c) Orbit mails the Statement and a copy of this Order to Affected Unitholders no later than 10 business days after the date of this Order; and

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

March 9, 2001.

"Jean-François Bernier"

2.1.7 Le Groupe Vidéotron Ltée - MRRS Decision

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
LE GROUPE VIDÉOTRON LTÉE

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Le Groupe Vidéotron Ltée (the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the Filer be deemed to have cease to be a reporting issuer or the equivalent, under the Legislation;

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

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

1. The Filer results from the short form amalgamation on December 7, 2000, of 9071-4866 Québec Inc. and Le Groupe Vidéotron Ltée ("Groupe") in accordance with the *Companies Act* (Québec) with 9071-4866 Québec Inc. continuing as the amalgamated corporation.. Subsequent to the amalgamation, 9071-4866 Québec Inc.'s name was changed to Le Groupe Vidéotron Ltée;

2. As a result of the amalgamation, the Filer is a reporting issuer or the equivalent, under the Legislation;

3. The Filer's head office is located in Montreal, Québec;

4. On September 27, 2000, Quebecor Media Inc. ("Media"), a wholly-owned subsidiary of Quebecor Inc., mailed a take-over bid circular to all of the shareholders of Groupe, by which it was offering to purchase all of the Multiple Voting Shares and Subordinate Voting Shares issued and outstanding of Groupe (the "Offer") ;

5. At the expiry of the Offer, on October 19, 2000, the Subordinate Voting Shares of Groupe were automatically converted into Multiple Voting Shares of Groupe (the "Shares of Groupe");

6. On October 23 and 25, 2000, Media took up 113,280,877 Shares of Groupe tendered, representing more than 90% of the total outstanding Shares of Groupe. The compulsory acquisition has been exercised and, since December 4, 2000, Media is the only holder of securities of Groupe;

7. On December 5, 2000, the Shares of Groupe have been delisted from The Toronto Stock Exchange;

8. On December 7, 2000, all the Shares of Groupe acquired by Media have been transferred to 9071-4866 Québec Inc., a wholly-owned subsidiary of Media (the "Transfer"). Immediately following the transfer, 9071-4866 Québec Inc. and Groupe were amalgamated to form 9071-4866 Québec Inc. which subsequently changed its name to Le Groupe Vidéotron Ltée;

9. No securities of the Filer are listed or quoted on any exchange or market;

10. The Filer has no other securities, including debt securities, outstanding other than the Shares held by Media;

11. Other than a failure to file the annual information form and the annual report of Groupe for the year ended August 31, 2000, and its financial statements for the quarter ended September 30, 2000, the Filer is not in default of its obligations under the Legislation;

12. 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 or the equivalent, under the Legislation.

DATED at Montréal, Québec, this 8th day of March 2001.

"Jean-François Bernier"

2.1.8 Canadian Financial Services NT Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief granted from requirement to file annual financial statement to split share company holding fixed portfolio of shares - issuer exempted from filing its first annual financial statement given the short year-end subsequent to the issuance of a final receipt for a prospectus and given that no material changes have occurred in the pro forma financial statements contained in the final prospectus, subject to certain conditions.

Applicable Ontario Statutory Provisions

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

IN THE MATTER OF
THE CANADIAN SECURITIES LEGISLATION OF
THE PROVINCES OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, 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
CANADIAN FINANCIAL SERVICES NT CORP.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Canadian Financial Services NT Corp. (the "Issuer") for a decision under the securities legislation (the "Legislation") of the Jurisdictions that the Issuer be exempted from the requirement to file with the Decision Makers and to send to its security holders the audited annual financial statements of the Issuer in respect of the year ended December 31, 2000, as would otherwise be required pursuant to applicable Legislation;

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

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

1. The Issuer was incorporated under the laws of the Province of Ontario on August 17, 2000 and has its principal office at 1 First Canadian Place, 4th Floor, Toronto, Ontario, M5X 1H3.

2. The fiscal year end of the Issuer is December 31, with its first fiscal year end occurring on December 31, 2000.

3. The Issuer filed a final prospectus dated October 27, 2000 (the "Prospectus") with the securities regulatory authority in each of the provinces of Canada pursuant to which a distribution of 1,700,000 capital shares (the "Capital Shares") and 1,700,000 preferred shares (the "Preferred Shares") in the capital of the Issuer was completed on November 3, 2000.

4. The authorized capital of the Issuer consists of an unlimited number of Capital Shares, of which 1,700,000 are issued and outstanding, an unlimited number of Preferred Shares, of which 1,700,000 are issued and outstanding and an unlimited number class A shares (the "Class A Shares"), of which 100 are issued and outstanding, having the attributes described in the Prospectus.

5. All of the Class A Shares, which are the only class of voting shares of the Issuer, are held by 1066918 Ontario Inc. and are subject to an escrow agreement among 1066918 Ontario Inc., The Trust Company of Bank of Montreal and the Issuer.

6. The principal undertaking of the Issuer is the holding of a portfolio of common shares (the "Portfolio Shares") of selected Canadian publicly listed Schedule I banks, life insurance companies, investment management companies and other financial companies. Portfolio Shares held by the Issuer will only be disposed of in limited circumstances, as described in the Prospectus.

7. The Prospectus included an audited balance sheet of the Issuer as at October 27, 2000 and an unaudited pro forma balance sheet prepared on the basis of the completion of the sale and issue of Capital Shares and Preferred Shares of the Issuer. As such, the financial position of the Issuer as at November 3, 2000 was substantially reflected in the pro forma financial statements contained in the Prospectus as the financial position of the Issuer is not materially different from the pro forma financial statements of the Issuer contained in the Prospectus. Furthermore, no material acquisition or disposition has occurred during the period from the date of the Portfolio Shares were acquired on October 27, 2000.

8. The Issuer is a vehicle through which different investment objectives with respect to participation in the Portfolio Shares may be satisfied. Holders of Capital Shares will be entitled on redemption to the benefits of any capital appreciation in the market price of the Portfolio Shares. Holders of Capital Shares will also be entitled to receive dividends as declared by the Board of Directors of the Issuer. The Board has indicated that its policy is generally to declare and pay quarterly dividends on the Capital Shares substantially equal to the amount of any increase following October 27, 2000 in the aggregate cash dividends paid in the ordinary course on the Portfolio Shares, calculated on a quarterly basis. Holders of Preferred Shares will be entitled to receive dividends as declared by the Board of Directors of the Issuer. The Board has indicated that its policy is generally to declare and pay quarterly dividends on the Preferred Shares substantially equal to the full amount of the aggregate cash dividends paid in the ordinary course on the Portfolio Shares as at October 27, 2000, calculated on a quarterly basis, less the administration and operating expenses of the Issuer for that quarter.

9. The final redemption of the Capital Shares and the Preferred Shares is scheduled to occur on December 1, 2005.

10. The benefit to be derived by the security holders of the Issuer from receiving financial statements for the fiscal year ended December 31, 2000 would be minimal in view of the short period from the date of the Prospectus to its fiscal year end and given the nature of the business carried on by the Issuer.

11. The expense to the Issuer in preparing, filing and sending to its security holders financial statements for the fiscal year ended December 31, 2000 would not be justified in view of the minimal benefit to be derived by the security holders from receiving such statements.

12. The interim unaudited financial statements of the Issuer for the period ending June 30, 2001 and the annual report where applicable, and the annual audited financial statements for the period ending December 31, 2001 will include the period from October 27, 2000 to December 31, 2000.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Issuer is exempt from the requirement to file with the Decision Makers and deliver to its security holders, the audited annual financial statements of the Issuer for the year ended December 31, 2000, provided the interim unaudited financial statements of the Issuer for the six-month period ending June 30, 2001 and the annual audited financial statements for the period ending December 31, 2001 will include the period from October 27, 2000 to December 31, 2000.

March 13, 2001.

"J. A. Geller" "Robert W. Davis"

2.1.9 Equisure Insurance Services Ltd. - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, SASKATCHEWAN, ONTARIO,
QUEBEC AND NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF
EQUISURE INSURANCE SERVICES LTD.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Alberta, Saskatchewan, Ontario, Quebec and Newfoundland (the "Jurisdictions") has received an application from Equisure Insurance Services Ltd. (formerly Beaufort Exploration Limited) (the "Filer") for a decision under the securities legislation of each of the Jurisdictions (the "Legislation") that the Filer be deemed to have ceased to be a reporting issuer 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. Beaufort Exploration Limited (the "Corporation") was incorporated under the laws of Canada on December 29, 1977.

2. On December 11, 1996, Equisure Financial Network Inc. acquired all of the issued and outstanding securities of the Corporation pursuant to a statutory plan of arrangement.

3. By Articles of Amendment dated December 13, 1996, the Corporation changed its name to the Filer's current name, Equisure Insurance Services Ltd.

4. the Filer is a corporation organized under the laws of Canada, is a reporting issuer (or equivalent) in each of the Jurisdictions and is not in default of any of the requirements of the Legislation;

5. the Filer's head office is located in North Bay, Ontario;

6. the Filer is a wholly-owned subsidiary of Equisure Financial Network Inc. and no person other than Equisure Financial Network Inc. holds any securities, including debt securities, of the Filer;

7. the Filer's securities are not listed on any exchange and are not available for trading on any exchange or market; and

8. the Filer does not intend to seek public financing by way of an issue of securities at this time.

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.

March 15, 2001.

"John Hughes"

2.1.10 Hallmark Technologies Inc. - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
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
HALLMARK TECHNOLOGIES INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authorities or regulators (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application on behalf of Hallmark Technologies Inc. (the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the Filer be deemed to have ceased to be a reporting issuer or the equivalent thereof 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 registered office of the Filer is located at 2187 Huron Church Road, Windsor, Ontario.

2. The authorized capital of the Filer consists an unlimited number of Class A Preference Shares, an unlimited number of Class B Preference Shares, and an unlimited number of common shares, of which no Class A Preference Shares, no Class B Preferences Shares, and 5,777,068 common shares are issued and outstanding (the "Common Shares").

3. The Filer was formed by an amalgamation (the "Amalgamation") under the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16, as amended (the "*OBCA*"), of Hallmark Technologies Inc. ("Hallmark"), HTI Acquisition Inc. ("HTI") and Maxim Tool & Mould Inc. ("Maxim") (a subsidiary of Hallmark), by Certificate and Articles of Amalgamation effective February 26, 2001.

4. Hallmark was a corporation incorporated under *OBCA* and was, for more than twelve months prior to the Amalgamation, a reporting issuer or the equivalent in all ten provinces in Canada and was not in default of its reporting issuer obligations under the Legislation.

5. On November 13, 2000, HTI made an offer (the "Offer") to acquire all of the issued and outstanding common shares ("Shares") of Hallmark not already owned by HTI or its affiliates and associates. The Offer expired on December 18, 2000 and over 91.7% of the outstanding Shares not already owned by HTI or its affiliates and associates were tendered into the Offer. On December 28 and 29, 2000, respectively, HTI completed the take-up of and payment for all of the Shares tendered under the Offer.

6. On January 4, 2001, HTI availed itself of the compulsory acquisition provisions under the *OBCA* by mailing a notice of compulsory acquisition to all Hallmark shareholders who did not tender their Shares in the Offer. As required by the *OBCA*, HTI funded Hallmark, for each Share not tendered in the Offer, with the consideration offered in the Offer. Such consideration was initially held by Montreal Trust Company of Canada, the transfer agent of Hallmark, in trust for the remaining holders of Hallmark Shares (other than HTI and its affiliates and associates) and has been paid out to such persons, or, in a few cases, is in the process of being paid.

7. On February 3, 2001, pursuant to section 188(10) of the *OBCA*, HTI acquired all of the remaining Shares of Hallmark not already owned by HTI or its affiliates and associates.

8. Subsequent to the compulsory acquisition, the shareholders of each of Hallmark, HTI and Maxim signed special resolutions authorizing the Amalgamation, which became effective February 26, 2001. Pursuant to the terms of the Amalgamation (i) the Shares of Hallmark (other than those owned by HTI) were converted into Common Shares, (ii) the Shares of Hallmark owned by HTI were cancelled, (iii) the common shares of HTI were converted into Common Shares and (iv) the shares of Maxim owned by Hallmark were cancelled.

9. As a result of the Offer, the compulsory acquisition and the Amalgamation, all of the Common Shares of the Filer are held by eleven security holders.

10 Other than the Common Shares, the Filer has no securities, including debt securities, outstanding.

11. At the time of the Offer, Hallmark's Shares were listed and posted for trading on The Toronto Stock Exchange ("TSE") under the stock symbol "HTI". Hallmark's Shares were delisted from the TSE on January 24,

2001 and no securities of the Filer are listed or quoted on any exchange or market.

12. 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 jurisdication to make the Decision has been met;

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

March 15, 2001.

"John Hughes"

2.1.11 Fonds De Solidarité Des Travailleurs du Québec - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from registration and prospectus requirements to permit a certain distribution from a control block holder of otherwise non-transferable mutual fund units pursuant to a reorganization.

Ontario Statute Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 72(7), 74(1).

Ontario Form Cited

Form 23.

Ontario Rule Cited

Ontario Securities Commission Rule 61-501.

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

AND

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

AND

IN THE MATTER OF
FONDS DE SOLIDARITÉ DES TRAVAILLEURS DU QUÉBEC (F.T.Q.)

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "**Decision Maker**") in each of British Columbia, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland, Northwest Territories, Yukon and Nunavut (collectively, the "**Jurisdictions**") has received an application from Fonds de solidarité des travailleurs du Québec (F.T.Q.) (the "**Filer**") for a decision pursuant to the securities legislation of the Jurisdictions (the "**Legislation**") that the transfer of Mutual Fund Units (as hereinafter defined) from the Filer to the limited partners (the "**Limited Partners**") of BioCapital Investments Limited Partnership ("**BioCapital**") as partial payment of the Purchase Price (as hereinafter defined) in connection with the Amendment (as hereinafter defined), be exempt from the prospectus and registration requirements contained in the Legislation.

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

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

1. The Filer is a joint-stock company and a labour-sponsored development capital investment fund created by *An Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.)* (R.S.Q., c. F-3.2.1), enacted by the National Assembly of Québec on June 23, 1983, as amended.

2. The head office of the Filer is located at 8717 Berri Street, Montreal, Quebec, H2M 2T9.

3. By distribution of securities to the public, the Filer invites its members as well as all Quebecers to subscribe for the Filer' shares in order to create, maintain or protect jobs in Quebec, mainly in small and medium-sized companies. It is primarily a "solidarity fund" aimed at collecting the savings of all those who wish to participate in this way in the struggle for full employment in order to improve labour conditions of Quebec workers and the Quebec economy. In pursuing its objectives, the Filer also seeks to be profitable.

4. As at December 31, 1999, the Filer had 141,761,000 Class A shares outstanding (the "**Filer Shares**").

5. The Filer Shares are not listed on a stock exchange. There is no market for the Filer Shares, but they may be transferred or redeemed in limited circumstances.

6. The Filer is allowed, pursuant to an exemption granted by the Commission des valeurs mobilières du Québec, to issue the Filer Shares on a continuous basis pursuant to a simplified prospectus that is renewed annually.

7. The Filer is a reporting issuer in the province of Quebec within the meaning of the Legislation.

8. BioCapital is a closed-end investment limited partnership established under the laws of the Province of Quebec pursuant to a limited partnership agreement (the "**Limited Partnership Agreement**") dated May 8, 1997, as amended.

9. The general partner of BioCapital is BioCapital Management Inc. (the "**General Partner**").

10. The principal establishment of BioCapital is located at 3690 de la Montagne Street, Montreal, Quebec, H3G 2A8.

11. The limited partnership units of BioCapital (the "**BioCapital Units**") are listed on The Toronto Stock Exchange.

12. BioCapital is a reporting issuer, within the meaning of the Legislation, in all Jurisdictions (except in the Northwest Territories, Yukon and Nunavut).

13. Pursuant to the Limited Partnership Agreement, BioCapital is allowed to issue a limited number of BioCapital Units. As at December 28, 2000, approximately 10,387,182 BioCapital Units were issued and outstanding.

14. The Filer held, as at December 15, 2000, 8,102,880 BioCapital Units, representing approximately 78% of the outstanding BioCapital Units.

15. The proposed reorganization (the "**Proposed Reorganization**") of BioCapital consists of:

    (i) the transfer (the "**Transfer of Investments**") by BioCapital to a newly formed mutual fund (the "**Mutual Fund**") of all securities of public companies that are held by BioCapital (the "**Investments**") and all of its cash (subject to certain restrictions) in exchange for units of the Mutual Fund (the "**Mutual Fund Units**"). It is anticipated that the Mutual Fund Units will be issued to BioCapital pursuant to a simplified prospectus;

    (ii) a distribution (the "**Distribution**") by BioCapital to the Limited Partners (on a *pro rata* basis) of all of the Mutual Fund Units it will receive in connection with the Transfer of Investments. The Distribution shall be done pursuant to statutory exemptions from the registration and prospectus requirements of the Legislation at the usual time for year-end distributions to the Limited Partners;

    (iii) the removal of the General Partner as general partner of BioCapital in accordance with Section 14.3 of the Limited Partnership Agreement and the appointment of an entity to be determined by the Filer as the new general partner of BioCapital;

    (iv) an amendment (the "**Amendment**") to the Limited Partnership Agreement pursuant to which each Limited Partner (other than the Filer) will be required to sell, assign and transfer to the Filer, and the Filer will be required to purchase from such Limited Partners, all of the BioCapital Units they hold at a purchase price (the "**Purchase Price**") of $10.40 per unit, on the date on which the approval of the Limited Partners to amend the Limited Partnership Agreement is obtained and all other closing conditions are satisfied (or waived). Such purchase and sale will be subject to the fulfilment, to the mutual satisfaction of the Filer and the General Partner (or waiver), of the conditions of closing contained in the Support Agreement (as defined below) and will be completed by the General Partner (or its successor) for and on behalf of the Limited Partners without further action on the part of the Limited Partners; and

(v) the payment of the Purchase Price by the Filer half in cash and the other half by the transfer from the Filer to the Limited Partners of Mutual Fund Units (according to the value of such units on the date of transfer) to be received by the Filer pursuant to the Distribution. Such transfer of Mutual Fund Units is subject to the registration requirements of the Legislation and to the prospectus requirements of the Legislation of all the Jurisdictions other than Quebec and Yukon.

16. The Mutual Fund is an open-ended mutual fund trust established under the laws of the Province of Ontario. The manager of the Mutual Fund is BioCapital Mutual Fund Management Inc. (the "**Manager**"), a wholly-owned subsidiary of BioCapital Management Group Inc.

17. The Mutual Fund Units are redeemable at all times at the option of the holder.

18. The Mutual Fund Units are not transferable except in connection with the Proposed Reorganization.

19. The board of directors of the Manager is composed of five persons, one of whom will be designated by the Filer, as long as the Filer holds at least 2% of the outstanding Mutual Fund Units.

20. The fundamental investment objective of the Mutual Fund is to realize superior capital appreciation primarily through equity investments in public companies with high growth potential acting in the healthcare and biotechnology industries.

21. A preliminary simplified prospectus of the Mutual Fund has been filed on January 19, 2001 with the securities commissions and other regulatory authorities of each provinces of Canada so that the Mutual Fund will be in a position to distribute the Mutual Fund Units in connection with the Transfer of Investments.

22. Because the Filer will own such a large majority of the Mutual Fund Units, it will enter into an agreement with the Mutual Fund which will place limits on redemptions of Mutual Fund Units. Specifically, in any year the Filer will not be permitted to request redemptions of Mutual Fund Units in excess of 25% of the number of Mutual Fund Units held by the Filer on closing of the Proposed Reorganization, and in any event subject to a 6.25% limit per quarter. However, such undertaking will not apply to the Mutual Fund Units to be transferred by the Filer to the Limited Partners in partial payment of the Purchase Price.

23. A special meeting (the "**Meeting**") of Limited Partners has been scheduled on March 29, 2001 for the purpose of considering, and if deemed advisable, approving the Proposed Reorganization.

24. A proxy circular (the "**Circular**") prepared in accordance with the requirements contained in the Legislation will be sent to the Limited Partners in connection with the Meeting. The Circular will contain all material information regarding the resolutions to be approved at the Meeting in order for the Proposed Reorganization to be completed.

25. On January 15, 2001, the Filer, BioCapital and the General Partner entered into a support agreement (the "**Support Agreement**"). Pursuant to the Support Agreement, among other things:

(i) The Filer has undertaken to vote in favour of all resolutions to be approved at the Meeting in order for the Proposed Reorganization to be completed, provided that:

A. the General Partner agrees to be replaced at the closing of the Proposed Reorganization by an entity to be chosen by the Filer;

B. the Filer enters into a consulting agreement with the General Partner for a period of up to six months (with an additional 2 month period at the option of the Filer) following closing of the Proposed Reorganization to facilitate the transition;

C. BioCapital pays to the General Partner a performance bonus on closing of the Proposed Reorganization in accordance with the formula presently included in the Limited Partnership Agreement;

D. Normand Balthazard, Claude Vezeau and André Boulet (all of whom are directors and officers of the General Partner) and the General Partner enter into a non-competition agreement satisfactory to the Filer;

E. the General Partner recommends to the Limited Partners to vote in favour of all of the resolutions to approve the Proposed Reorganization;

F. the General Partner obtains from an independent financial advisor a fairness opinion to the effect that the Proposed Reorganization is fair, from a financial point of view, to the Limited Partners other than the Filer;

G. the General Partner undertakes not to proceed with the Proposed Reorganization if one of the resolutions is not approved at the Meeting or if one of the closing conditions is not met (or waived by the Filer); and

H. all other closing conditions are satisfied.

(ii) The Transfer of Investments is conditional, *inter alia*, on the issuance by the securities commissions and other regulatory authorities in each Jurisdiction where Limited Partners are

residents of a receipt for a final simplified prospectus of the Mutual Fund.

26. The Circular will contain, pursuant to the Support Agreement, (i) a fairness opinion from an independent financial advisor confirming that the Proposed Reorganization is fair, from a financial point of view, to the Limited Partners other than the Filer; (ii) a summary of a valuation to be prepared by an independent financial advisor and (iii) a recommendation of the board of directors of the General Partner that the Limited Partners vote in favour of the Proposed Reorganization.

27. The Filer will file with the Decision Makers of the provinces of British Columbia and Ontario on the closing of the Proposed Reorganization the information prescribed by Form 23 of the *Securities Act* (Ontario) which will include the following declaration:

"The Filer, for whose account the securities which this certificate relates are to be transferred pursuant to the Amendment, represents that it has no knowledge of any misrepresentation contained in the prospectus of the Mutual Fund, nor knowledge of any material change which has occurred in the affairs of the Mutual Fund which has not been generally disclosed and reported to the Decision Markers, nor has it any knowledge of any other material adverse information in regard to the current and prospective operations of the Mutual Fund which have not been generally disclosed".

28. The Proposed Reorganization will be in compliance with Rule 61-501 of the Ontario Securities Commission and Policy Statement No. Q-27 of the *Commission des valeurs mobilières du Québec*.

29. None of the costs of the Proposed Reorganization will be charged directly or indirectly against the Mutual Fund.

30. The securities of Qbiogene Inc. and Bridge Capital Investments Limited Partnership will not be transferred to the Mutual Fund pursuant to the Proposed Reorganization.

31. The simplified prospectus of the Mutual Fund will contain all relevant information regarding the Mutual Fund and Mutual Fund Units. A copy of the simplified prospectus of the Mutual Fund will be sent to the Filer and each of the Limited Partners.

32. Pursuant to the Limited Partnership Agreement, the resolutions giving effect to the Transfer of Investments and the Amendment must each be approved by at least 66 2/3% of the votes cast at the Meeting; in addition, the approval of the majority of the "minority" will be required to be obtained at the Meeting.

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

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

(a) the registration requirements contained in the Legislation shall not apply to the transfer of Mutual Fund Units from the Filer to the Limited Partners as partial payment of the Purchase Price in connection with the Amendment; and

(b) the prospectus requirements contained in the Legislation of the Jurisdictions other than Quebec and Yukon shall not apply to the transfer of Mutual Fund Units from the Filer to the Limited Partners as partial payment of the Purchase Price in connection with the Amendment.

March 23, 2001.

"J.A. Geller" "R.W. Davis"

2.1.12 Sentry Select Canadian Resource Fund Ltd. - MRRS Decision

Headnote

MRRS Exemptive Relief Application - Two-week lapse-date extension granted to enable a mutual fund to continue the distribution of its securities beyond the original lapse date of its current prospectus, subject to filing of pro forma prospectus no less than 7 days prior to the new lapse date and to the cancellation right of investors who purchase securities of the mutual fund after the original lapse and before the date of the decision document.

Statutes Cited

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

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

AND

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

AND

IN THE MATTER OF
SENTRY SELECT CANADIAN RESOURCE FUND LTD.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Sentry Select Capital Corp. ("Sentry Select") and Sentry Select Canadian Resource Fund Ltd. (the "Fund") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation"), extending the periods prescribed by the Legislation for the filing of the Fund's renewal prospectus, in order to enable it to continue the distribution of its securities beyond the Lapse Date (as defined in paragraph 4 below) of its prospectus dated March 2, 2000 (the Current Prospectus");

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

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

1. Sentry Select is a corporation established under the laws of Ontario. It is the manager, promoter and distributor of the Fund.

2. The Fund is a mutual fund corporation incorporated under the laws of the Province of Ontario.

3. The Fund is a reporting issuer under the Legislation and is not default of any of the requirements of the Legislation or the regulations made thereunder.

4. The Fund's securities are currently distributed to the public in all the Jurisdictions pursuant to the Current Prospectus. The lapse date of the Current Prospectus is March 2, 2001 in certain Jurisdictions, March 6, 2001 in certain other Jurisdictions and March 6, 2001 in Quebec (collectively, the "Lapse Date").

5. Since the date of the Current Prospectus, no material change has occurred in respect of the Fund and no amendments have been made to the Prospectus.

6. As manager, Sentry Select failed to file the pro forma prospectus of the Fund within the period prescribed by the Legislation due to inadvertence.

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 periods prescribed by the Legislation for the filing of the Fund's renewal prospectus, in connection with the continuous distribution of the Fund's securities, are hereby extended by two weeks as if the Lapse Date of the Current Prospectus were March 16, 2001, provided that

(a) the Fund's pro forma prospectus is filed not less than 7 days prior to March 16, 2001;

(b) every security holder of record of the Fund who purchased securities of the Fund in any Jurisdiction after the Lapse Date and before the date of this Decision Document (the "Affected Security Holder") is provided with the right

- to cancel (the "Cancellation Right") such purchase within 20 business days from receipt of a statement (the "Statement of Rights") describing the Cancellation Right, and
- to receive, upon exercise of the Cancellation Right, the purchase price per unit equal to the net asset value per unit on the date of such purchase (the "Purchase Price per Unit") paid on the acquisition of such securities, including all fees and expenses incurred in effecting such purchase;

(c) the Fund mails the Statement of Rights and a copy of this Decision Document to Affected Security Holders no later than March 16, 2001; and

(d) if the net asset value per unit of the Fund on the date that an Affected Security Holder exercises the Cancellation Right is less than the Purchase Price per Unit, Sentry Select shall reimburse the difference to the Fund.

March 8, 2001.

"Paul A. Dempsey"

2.1.13 Dundee Securities Corp. & CMP 2001 Resource Limited Partnership - MRRS Decision

Headnote

MRRS - Mutual Reliance Review System for Exemptive Relief Applications - Issuer is related issuer and connected issuer of registrant by virtue of common ownership of registrant and general partner of Issuer - Issuer is special purpose entity for investing in flow-through shares of resource issuers - distribution of units of Issuer on best efforts agency basis - proposed distribution does not comply with independent underwriter requirements in the Act - independent underwriter to receive in excess of 20% of management fees - proposed distribution complies with Part 2 of Draft Multi-Jurisdictional Instrument 33-105 Underwriter Conflicts.

Applicable Ontario Statutes

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

Applicable Ontario Regulations

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

Rules Cited

Proposed Multi-jurisdictional Instrument 33-105 - Underwriting Conflicts (1998) 21 OSCB 781.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, QUEBEC AND NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF
DUNDEE SECURITIES CORPORATION AND
CMP 2001 RESOURCE LIMITED PARTNERSHIP

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Quebec and Newfoundland (the "Jurisdictions") has received an application from Dundee Securities Corporation (the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from acting as an underwriter in connection with a distribution of securities by an issuer made by means of a prospectus, where the issuer is a related issuer (or the equivalent) or a connected issuer (or the equivalent) of the registrant unless a portion of the distribution at least equal to that portion underwritten by non-independent

underwriters is underwritten by independent underwriters shall not apply to the Filer in respect of a proposed distribution (the "Offering") of units (the "Units" or "Offered Securities") of CMP 2001 Resource Limited Partnership (the "Issuer"), pursuant to a prospectus;

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

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

1. The Issuer is a limited partnership created by the filing of a declaration in accordance with the *Limited Partnerships Act* (Ontario).

2. The Issuer is a special purpose entity created for the sole purpose of investing in flow-through shares of resource companies with a view to achieving capital appreciation for the limited partners of the Issuer. The Issuer will enter into share purchase agreements with such resource companies under which such companies will agree to incur Canadian Exploration Expense ("CEE") in carrying out exploration in Canada, renounce such CEE to the Issuer and issue flow-through shares to the Issuer.

3. The Issuer will be filing a preliminary prospectus (the "Preliminary Prospectus") in each of the provinces and territories of Canada in connection with the Offering.

4. Under the terms of the Offering, the Issuer is seeking to distribute a minimum of 5,000 Units (for aggregate proceeds of $5,000,000) and a maximum of 100,000 Units (for aggregate proceeds of $100,000,000).

5. The Filer is registered as a securities dealer (or equivalent) under the Legislation in each of the Jurisdictions. The Filer is not in default of any requirements of the Legislation or any rules or regulations made thereunder.

6. The Filer is a member of the Investment Dealers Association of Canada and The Toronto Stock Exchange.

7. Pursuant to an agreement (the "Agency Agreement") to be made between the Filer and certain registered securities dealers (collectively, the "Agents" and individually, an "Agent") and the Issuer, the Issuer will appoint the Agents, as its agents, to offer the Units on a best efforts basis.

8. Pursuant to the Agency Agreement, the Agents will be entitled to receive an aggregate fee (the "Agency Fee") of $75.00 for each Unit sold, with $50.00 per Unit being ultimately paid to dealers (Agents and selling group members) based on the numbers of Units sold through them.

9. The management fee portion of the Agents' Fees will be divided among the Agents as follows:

Agents	Percentage of Management Fees
Dundee Securities Corporation	26%
BMO Nesbitt Burns Inc.	26%
National Bank Financial Inc.	16%
TD Securities Inc.	16%
Canaccord Capital Corporation	8%
Wellington West Capital Inc.	8%

10. The general partner of the Issuer, Dynamic CMP Funds III Management Inc. (the "General Partner"), is an affiliate of the Filer by virtue of the fact that both the General Partner and the Filer are wholly-owned subsidiaries of Dundee Wealth Management Inc. By reason of this relationship, the Issuer may be considered a related issuer (or the equivalent) of the Filer and may be considered a connected issuer (or the equivalent) of the Filer.

11. With the exception of the Filer, each of the remaining Agents (the "Independent Underwriters") will be independent underwriters as defined in draft Multi-Jurisdictional Instrument 33-105 *Underwriting Conflicts* (the "Proposed Instrument") with respect to the Offering.

12. The Issuer is not a "related issuer" or "connected issuer" (as those terms are defined in the Proposed Instrument) of any of the Independent Underwriters.

13. The Agents will receive no benefit under the Offering other than the payment of their fees in connection with the Offering.

14. The nature and details of the relationship between the Issuer and the Filer will be described in the Preliminary Prospectus and in the (final) prospectus. The (final) Prospectus will contain the information specified in Appendix "C" of the Proposed Instrument.

15. The decision to issue the Units, including the determination of the terms of such distribution, has been made through negotiations between the Issuer and the Agents.

16. Pursuant to the Agency Agreement, an Independent Underwriter will receive a portion of the total management fees equal to an amount not less than 20 percent of the total management fees for the distribution.

17. The Independent Underwriters have participated and will continue to participate in the due diligence relating to the Offering and have participated in the structuring and pricing of the offering of the Units.

18. The certificate in each of the Preliminary Prospectus and the (final) prospectus will be signed by the Agents, including each of the Independent Underwriters.

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

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

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

(i) the Independent Underwriters participate in the offering as stated in paragraphs 16 & 17 above; and

(ii) the relationship between the Issuer and the Filer is disclosed in the Preliminary and (final) prospectus.

March 21, 2001.

"John A. Geller" "R. Stephen Paddon"

2.1.14 PII Group Limited et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - prospectus and registration relief granted in connection with an employee share option plan offered by a foreign parent corporation not listed on an exchange or market.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as amended, s. 23, 53, and 74(1).

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, ONTARIO, MANITOBA AND QUÉBEC

AND

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

AND

IN THE MATTER OF
PII GROUP LIMITED, PII (CANADA) LIMITED
AND POSITIVE PROJECTS INTERNATIONAL LIMITED

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Manitoba, Ontario and Québec (the "Jurisdictions") has received an application from PII Group Limited ("PII"), PII (Canada) Limited ("PII Canada") and Positive Projects International Limited ("PPI" and, collectively with PII and PII Canada the "Filers") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") shall not apply to trades in Options, Shares and Notes (each as defined below) to and/or by Canadian Participants (as defined below) under the PII-Pipetronix Employee Share Option Scheme (the "Scheme") and trades in Options, Shares and Notes to and/or by an employee benefit trust established by PII in connection with the Scheme;

2. **AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Application (the "System"), the Alberta Securities Commission is the principal regulator

for this application;

3. **AND WHEREAS** the Filers have represented to the Decision Makers that:

3.1 PII is a corporation incorporated under the laws of the United Kingdom;

3.2 PII is authorized to issue 750,000 "A" ordinary shares, 6,750,000 "B" ordinary shares, 3 "C" ordinary shares, 248,540 "D" ordinary shares and 2,238,637 "E" ordinary shares, of which, as at January 18, 2001, 362,600 "A" ordinary shares and 6,750,000 "B" ordinary shares, 0 "C" ordinary shares, 142,985 "D" ordinary shares and 2,238,637 "E" ordinary shares were issued and outstanding (the "A", "B", "C", "D" and "E" ordinary shares are collectively referred to as the "Shares");

3.3 PII Canada is a corporation amalgamated pursuant to the laws of Ontario and is an indirect wholly-owned subsidiary of PII;

3.4 PPI Canada is a corporation incorporated pursuant to the laws of Canada and is an indirect wholly-owned subsidiary of PII;

3.5 none of PII, PII Canada or PPI Canada is or has any present intention of becoming a reporting issuer under the laws of any of the Jurisdictions;

3.6 no securities of PII are currently traded on a stock exchange or quoted on any recognized market in Canada or anywhere else in the world;

3.7 PII established the Scheme following its acquisition of Pipetronix GmbH to provide eligible employees of PII and its subsidiaries, including employees of PII Canada and PPI Canada, (the "Employees") with the opportunity to share in the growth and financial success of PII;

3.8 under the Scheme, Employees are offered the opportunity to receive options ("Options") to acquire units (the "Units") at a certain exercise price pursuant to the terms and conditions of the Scheme;

3.9 subject to adjustment in accordance with the Scheme, Units are comprised of "D"ordinary shares, "E" ordinary shares and either a cash component or a debt instrument component which may be represented by series C notes (the "Notes");

3.10 the Notes evidence a right to receive payments as set forth in the Articles of PII and are redeemable on specified dated or upon a sale or floatation of PII;

3.11 currently, a maximum of 24,227 Units (representing a number of Shares equal to approximately 1.28% of the currently outstanding Shares) will be available to Employees who elect to participate in the Scheme ("Participants");

3.12 participation in the Scheme is voluntary and Participants will not be induced to participate in the Scheme or to purchase securities under the Scheme by expectation of employment or continued employment;

3.13 all Options granted under the Scheme are non-transferable;

3.14 an Option may generally be exercised by a Participant in whole, but not in part, upon certain changes in control of PII (as defined by legislation applicable in the United Kingdom) or earlier upon the occurrence of, or at any time following: (i) the listing of one or more classes of Shares on the London Stock Exchange or by dealing in such Shares on any recognized exchange whereby such Shares can be freely traded; (ii) one month prior to the tenth anniversary of the date on which the Option was granted; or (iii) where the Participant dies or ceases to be employed by PII or its subsidiaries, immediately upon the date of death or such cessation;

3.15 PII established the Pipeline Integrity International Employee Share Ownership Trust employee benefit trust (the "EBT") in connection with previous share option schemes implemented by PII;

3.16 the role of the EBT from time to time is, among other things, to grant Options to Participants, to transfer Units to Participants upon the exercise of Options and to purchase Shares and/or Notes comprising the Units from Participants;

3.17 the establishment of the EBT is necessary in order to create a market for Participants to sell their Shares and/or Notes acquired upon the exercise of Options;

3.18 Participants resident in Canada ("Canadian Participants") who acquire Options under the Scheme will be provided with:

3.18.1 a guide to explain the operation of the Scheme;

3.18.2 a copy of the Scheme;

3.18.3 all disclosure material relating to PII which is provided to Participants resident in the United Kingdom;

3.18.4 a copy of this Decision Document; and

3.18.5 a statement to the effect that the Shares and/or Notes acquired under the Scheme will be acquired pursuant to this Decision Document and, as a result, certain rights and protections, including rights of action and rescission, are not available;

3.19 as of January 18, 2001, to the best of the knowledge of PII, there were 25 Employees resident in Alberta, 20 Employees resident in

Ontario, 1 Employee resident in Manitoba and 1 Employee resident in Québec, constituting approximately 5% of the aggregate number of Employees worldwide.

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 is that:

6.1 the Registration Requirements and the Prospectus Requirements shall not apply to trades by the EBT in Options to Canadian Participants in connection with the Scheme;

6.2 the Registration Requirements and Prospectus Requirements shall not apply to trades by the EBT in Shares and/or Notes to Canadian Participants upon the exercise of Options in connection with the Scheme ("Scheme Securities") provided that a further trade in Scheme Securities by a Canadian Participant is deemed to be a distribution or a primary distribution to the public under the Legislation unless:

6.2.1 such trade is made by a Canadian Participant to the EBT; or

6.2.2 such trade is executed on an exchange or market outside of Canada.

6.3 the Registration Requirements shall not apply to a further trade in Scheme Securities by a Canadian Participant to the EBT.

March 2, 2001.

"Glenda A. Campbell" "Eric T. Spink"

2.1.15 Coca-cola Enterprises Inc. & Coca-cola Enterprises (Canada) Bottling Finance Company - MRRS Decision

Headnote

Mutual Reliance Review System.

NI 44-101 - Director grants exemptions from the GAAP Reconciliation Requirement in ss.7.1(2)(b).

Commission grants continuous disclosure relief to Canadian subsidiary.

Director grants exemption from the Annual Information Form Requirements imposed under the securities legislation or securities directions of Ontario, Quebec and Saskatchewan.

National Instruments Cited

National Instrument 44-101 Short Form Prospectus Distributions.
National Instrument 44-102 Shelf Distributions.

Ontario Rule Cited

Rule 51-501 AIF and MD&A.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 75, 77, 78, 80(b)(iii), 88(2)(b), 107, 108, 109 and 121.

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

AND

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

AND

IN THE MATTER OF
COCA-COLA ENTERPRISES INC. AND
COCA-COLA ENTERPRISES (CANADA) BOTTLING FINANCE COMPANY

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Ontario, Prince Edward Island, Québec and Saskatchewan (the "Jurisdictions") has received an application from Coca-Cola Enterprises Inc. ("CCE") and Coca-Cola Enterprises (Canada) Bottling Finance Company (the "Issuer"

and together with CCE, the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation that:

(a) the Issuer file with the Decision Makers and send to its security holders audited annual financial statements and an annual report, where applicable (the "Annual Filing Requirement");

(b) the Issuer file with the Decision Makers and send to its security holders unaudited interim financial statements and MD&A (the "Interim Financial Statement Requirements");

(c) the Issuer issue and file with the Decision Makers press releases, and file with the Decision Makers material change reports (together, the "Material Change Requirements");

(d) the Issuer comply with the proxy and proxy solicitation requirements under the Legislation, including filing an information circular or report in lieu thereof (the "Proxy Requirements");

(e) the Issuer comply with the requirements to reconcile financial statements included in a prospectus and prepared in accordance with generally accepted accounting principles ("GAAP") of a foreign jurisdiction to Canadian GAAP, and with the requirement to provide, where financial statements included in a prospectus are audited in accordance with generally accepted accounting standards ("GAAS") of a foreign jurisdiction, a statement by the auditor disclosing any material differences in the auditor's report and confirming that the auditing standards of the foreign jurisdiction are substantially equivalent to Canadian GAAS (the "Reconciliation Requirement");

(f) under Ontario Securities Commission Rule 51-501 AIF and MD & A, section 159 of the Regulation to the *Securities Act* (Québec) and the Saskatchewan Securities Commission Local Policy 6.2, the Issuer file with the applicable Decision Makers an annual information form (the "Local AIF Requirements"), and the Issuer comply with the requirements of Item 5 and Item 6 of Form 44-101F1 (the "AIF Requirements") ; and

(g) insiders of the Issuer ("Insiders") file insider reports with the Decision Makers (the "Insider Reporting Requirements")

shall not apply;

AND WHEREAS under the Mutual Reliance Review System (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. CCE was incorporated under the laws of Delaware on January 25, 1944, and is not a reporting issuer or the equivalent in any of the Jurisdictions.

2. CCE is a public company with annual net operating revenues in excess of US$14 billion. CCE is a Coca-Cola bottling partner, producing, marketing and distributing in North America and Europe a variety of soft drinks, mainly consisting of products of The Coca-Cola Company and its subsidiaries.

3. CCE has been a reporting company under the United States Securities Exchange Act of 1934, as amended (the "1934 Act") since November, 1986. CCE has filed with the United States Securities and Exchange Commission (the "SEC") annual and quarterly reports under Form 10-K and Form 10-Q since it first became a reporting company, in accordance with the filing obligations set out in the 1934 Act.

4. CCE currently has approximately US$10.3 billion in long term debt outstanding. All of CCE's outstanding long-term debt is rated "A" by Standard & Poor's and "A2" by Moody's Investors Service.

5. CCE satisfies the criteria set forth in paragraph 3.1(a) of National Instrument 71-101 ("NI 71-101") and is eligible to use the multi-jurisdictional disclosure system ("MJDS") (as set out in NI 71-101) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States ("US") prospectus requirements with certain additional Canadian disclosure.

6. Except for the fact that the Issuer is not incorporated under US law, the Offering (as defined below) would comply with the alternative eligibility criteria of non-convertible debt having an approved rating under the MJDS as set forth in paragraphs 3.1 and 3.2 of NI 71-101.

7. The Issuer is a corporation amalgamated under the *Companies Act* (Nova Scotia) effective January 1, 2000.

8. The head office of the Issuer is in Nova Scotia.

9. The Issuer is wholly-owned by CCE Investments SARL, which is an indirect wholly-owned subsidiary of CCE. The Issuer does not have any subsidiaries.

10. The Issuer's only business is to access Canadian capital markets to raise funds, which it lends to or otherwise invests in the Canadian subsidiary companies of CCE. The Issuer does not carry on any operating business.

11. A predecessor of the Issuer, Coca-Cola Enterprises (Canada) Bottling Finance Ltd., a

New Brunswick corporation ("Coke New Brunswick"), became a reporting issuer or the equivalent in the Jurisdictions on March 2, 1999 in connection with the establishment in Canada of a medium term note program (the "1999 MTN Program") under the provisions of former National Policy 47 and former National Policy 44. Coke New Brunswick was continued to Nova Scotia and was amalgamated effective January 1, 2000 under the *Companies Act* (Nova Scotia) with 3037908 Nova Scotia Company, following which it changed its name to Coca-Cola Enterprises (Canada) Bottling Finance Company. The Issuer currently maintains the 1999 MTN Program.

12. In connection with the establishment of the 1999 MTN Program, relief was obtained from the Annual Filing Requirements, the Interim Financial Statement Requirements, the Material Change Requirements, the Proxy Requirements and the Insider Reporting Requirements (as they existed at that time) in the Jurisdictions, on the condition, among others, that the continuous disclosure materials filed by CCE in the US would be filed in the Jurisdictions.

13. The Issuer or its predecessor has complied with this condition of relief and has been filing CCE's continuous disclosure materials in Canada.

14. Pursuant to the 1999 MTN Program, the Issuer may issue up to Cdn.$2 billion (or the equivalent thereof in lawful money of the United States of America) of non-convertible medium-term notes (the "First Series Notes"). As at January 17, 2001, the Issuer has issued and outstanding a total of Cdn.$1,040,000 in principal amount of First Series Notes. CCE has fully and unconditionally guaranteed the payment of principal and interest, together with any other amounts which may become due under the First Series Notes. All issued and outstanding First Series Notes are rated "A" by Dominion Bond Rating Service.

15. The Issuer proposes to "renew" the 1999 MTN Program pursuant to National Instrument 44-101 and National Instrument 44-102 (collectively, the "Shelf Requirements") to raise up to $2 billion in Canada (the "Offering") through the issuance of additional notes (the "Second Series Notes" and, together with the First Series Notes, the "Notes") from time to time over a two-year period. The Second Series Notes will be fully and unconditionally guaranteed by CCE as to payment of principal, interest and all other amounts due thereunder. All Second Series Notes will have an approved rating (as defined in the Shelf Requirements) and will be rated by a recognized security evaluation agency in one of the categories determined by the Commission des valeurs mobilières du Québec (an "Approved Rating").

16. In connection with the Offering:

(a) a short form base shelf prospectus and a prospectus supplement or supplements (the "Prospectus") will be prepared pursuant to the Shelf Requirements, with the disclosure required by Items 12 and 13 of Form 44-101F3 being addressed by incorporating by reference CCE's public disclosure documents as well as the Issuer's AIF for the year 1999, and the disclosure required by Item 7 of Form 44-101F3 being addressed by fixed charge coverage ratio disclosure with respect to CCE in accordance with US requirements;

(b) the Prospectus will include all material disclosure concerning the Issuer;

(c) the Prospectus will incorporate by reference disclosure made in CCE's most recent Form 10-K (as filed under the 1934 Act) together with all Form 10-Q's and Form 8-K's and interim financial information filed subsequently under the 1934 Act and prior to the termination of the Offering and will state that purchasers of the Second Series Notes will not receive separate continuous disclosure information regarding the Issuer;

(d) CCE will fully and unconditionally guarantee payment of the principal and interest on the Second Series Notes, together with any other amounts that may be due under any provisions of the trust indenture relating to the Second Series Notes;

(e) the Second Series Notes will have an Approved Rating;

(f) CCE will sign the Prospectus as promoter;

(g) CCE will undertake to file with the Decision Makers in electronic format through SEDAR (as defined in National Instrument 13 -101) all documents that it files under sections 13 and 15(d) of the 1934 Act until such time as the Notes are no longer outstanding.

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 securities regulatory authority or securities regulator in each of Ontario, Québec and

Saskatchewan is that the Local AIF Requirements shall not apply to the Issuer, provided that the equivalent information concerning CCE is included in the Issuer's AIF and so long as the Issuer and CCE comply with all of the requirements of each of the Decisions below.

THE DECISION of the Decision Makers under the Legislation is that the Reconciliation Requirement shall not apply to the Offering so long as:

(a) the annual and interim financial statements that are included in the Prospectus are prepared in accordance with US GAAP and otherwise comply with the requirements of US law, and in the case of the audited annual financial statements, such financial statements are audited in accordance with US GAAS;

(b) CCE continues to fully and unconditionally guarantee the Notes as to the payments required to be made by the Issuer to holders of the Notes;

(c) CCE maintains an Approved Rating in respect of the Notes;

(d) CCE maintains direct or indirect beneficial ownership of all of the issued and outstanding voting shares of the Issuer; and

(e) CCE continues to satisfy the criteria set forth in paragraph 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with US prospectus requirements with certain additional Canadian disclosure.

March 21, 2001.

"Margo Paul"

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

A. the Annual Filing Requirement shall not apply to the Issuer, provided that (i) CCE files with the Decision Makers in electronic format through SEDAR under the Issuer's SEDAR profile, the annual reports on Form 10-K filed by it with the SEC within 24 hours after they are filed with the SEC; and (ii) that such documents are provided to security holders whose last address as shown on the books of the Issuer is in Canada, in the manner, at the time and if required by applicable US law to be sent to CCE debt holders;

B. the Interim Financial Statement Requirements shall not apply to the Issuer, provided that (i) CCE files with the Decision Makers quarterly reports on Form 10-Q in electronic format through SEDAR under the Issuer's SEDAR profile, filed by it with the SEC within 24 hours after they are filed with the SEC; and (ii) that such documents are provided to security holders whose last address as shown on the books of the Issuer is in Canada, in the manner, at the time and if required by applicable US law to be sent to CCE debt holders;

C. the Material Change Requirements shall not apply to the Issuer, provided that CCE (i) files with the Decision Makers, in electronic format through SEDAR under the Issuer's SEDAR profile, each of the reports on Form 8-K filed by it with the SEC within 24 hours after they are filed with the SEC; (ii) complies with the requirements of the New York Stock Exchange in respect of making public disclosure of material information on a timely basis; and (iii) forthwith issues in each Jurisdiction and files with the Decision Makers, any press release which discloses a material change in CCE's affairs;

D. the Proxy Requirements shall not apply to the Issuer, provided that (i) CCE complies with the requirements of the 1934 Act and the rules and regulations made thereunder relating to proxy statements, proxies and proxy solicitations in connection with any meeting of the holders of its notes; (ii) CCE files with the Commission, in electronic format through SEDAR under the Issuer's SEDAR profile, materials relating to the meeting filed by it with the SEC within 24 hours after they are filed with the SEC; and (iii) such documents are provided to such holders of Notes whose last address as shown on the books of the Issuer is in Canada, in the manner, at the time and if required by applicable US law to be sent to CCE debt holders;

E. the Insider Reporting Requirements shall not apply to Insiders of the Issuer, provided that each insider (as defined in the Legislation) files with the SEC on a timely basis the reports, if any, required to be filed with the SEC pursuant to section 16(a) of the 1934 Act and the rules and regulations thereunder; and

F. the AIF Requirements shall not apply to the Issuer, provided that the equivalent information concerning CCE is incorporated by reference in the Issuer's AIF, prepared in the manner required by applicable US law;

provided that (for A. through F.):

(a) the Issuer complies with all other requirements of NI 44-101, Form 44-101F1 and Form 44-101F3 except as described in paragraph 16.(a).

(b) the Issuer does not issue securities other than Notes.

(c) the Issuer carries on no other business than that set out in paragraph 10;

(d) each of CCE and the Issuer comply with paragraph 16;

(e) CCE maintains an Approved Rating in respect of the Notes;

(f) CCE maintains direct or indirect beneficial ownership of all of the issued and outstanding voting shares of the Issuer;

(g) CCE maintains a class of securities registered pursuant to section 12 of the 1934 Act;

(h) CCE continues to satisfy the criteria set forth in paragraph 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with US prospectus requirements with certain additional Canadian disclosure;

(i) CCE continues to fully and unconditionally guarantee the Notes as to the payments required to be made by the Issuer to holders of the Notes; and

(j) all filing fees that would otherwise be payable by the Issuer in connection with the Annual Filing Requirement, the Interim Financial Statement Requirements, the Material Change Requirements, the Proxy Requirements, the AIF Requirements and the Insider Reporting Requirements are paid.

March 21, 2001.

"John A. Geller" "Robert W. Davis"

2.1.16 Rabobank Nederland & Rabobank Nederland, Canadian Branch - 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 or guaranteed by Schedule III Bank provided trades involve only specified seller and purchasers - prospectus and registration relief for evidences of deposits issued by Schedule III bank to specified purchases - fee relief for trades made in reliance on on Decision.

Applicable Ontario Statutes Cited

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

Applicable Ontario Regulations Cited

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

Applicable Ontario Rules Cited

Rule 32-502 - Registration Exemptions for Certain Trades by Financial Intermediaries.

Rule 32-503 - Registration and Prospectus Exemption for Trades by Financial Intermediaries in Mutual Fund Securities to Corporate Sponsored Plans.

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF
BRITISH COLUMBIA, ALBERTA, MANITOBA, SASKATCHEWAN,
ONTARIO, QUEBEC, NEW BRUNSWICK, NOVA SCOTIA, PRINCE 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
RABOBANK NEDERLAND AND
RABOBANK NEDERLAND, CANADIAN BRANCH

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 in each of the territories of Nunavut Territory, Northwest Territories and Yukon Territory (the "**Jurisdictions**") has received an application (the "**Application**") from Rabobank Nederland (the "**Applicant**") in its own capacity and on behalf of its proposed foreign bank branch, Rabobank Nederland, Canadian Branch ("**RNCB**"), for a decision (the "**Decision**") pursuant to the securities legislation of the Jurisdictions (the "**Legislation**") that RNCB is exempt from various registration, prospectus and filing requirements of the Legislation in connection with the banking activities to be carried on by RNCB in the Jurisdictions;

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

AND WHEREAS Rabobank Nederland has represented to the Decision Makers that:

1. The Applicant is a chartered co-operative banking organization formed under the laws of the Netherlands. The principal office of the Applicant is located in the Netherlands.

2. The Applicant provides a comprehensive range of financial services on a co-operative basis including corporate and investment banking, insurance, lease and trade financing, venture capital and asset management and investment management services.

3. The Applicant is comprised of 424 autonomous banks in the Netherlands with approximately 1,800 branches. The Applicant operates 147 branches abroad in 38 countries outside the Netherlands. In Canada, the Applicant has a wholly-owned subsidiary, Rabobank Canada, which is a Schedule II chartered bank under the *Bank Act* (Canada) (the "**Bank Act**").

4. As at December 31, 1999, the Applicant had aggregate assets under management of €113.3 billion (approximately Cdn.$149.0 billion).

5. The Applicant is not, and has no current intention of becoming, a reporting issuer or the equivalent in any Province of Canada, nor are any of its securities listed on any stock exchange in Canada.

6. Recent amendments to the Bank Act permit foreign banks to operate directly in Canada through branches, rather than separate subsidiary Schedule II banks.

7. The Applicant received an order dated December 27, 2000, under section 524 of the Bank Act permitting the Applicant to establish a full service branch under the Bank Act and designating such branch on Schedule III thereto.

8. Upon receipt of an order under section 534 of the Bank Act approving the commencement and carrying on of business in Canada, the Applicant, through RNCB, will commence business as a foreign bank branch.

9. The operations of RNCB as a foreign bank branch will be primarily comprised of wholesale deposit-taking, commercial lending and related treasury functions.

10. RNCB intends to limit its deposit-taking, its commercial lending and related treasury functions to the following:

    (a) Her Majesty in right of Canada or in right of a province or a 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 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 or territory in Canada, (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 that is primarily engaged in dealing in securities, including portfolio management and investment counselling 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 gross revenues on its own books and records of greater than $5 million as of the date of its most recent annual financial statements; 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 as "**Authorized Purchasers**".

11. The only advising activities which RNCB intends to 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.

12. Under the current legislation, banks chartered under Schedules I and II of the Bank Act have numerous exemptions from various aspects of the Legislation. Since RNCB will not be chartered under Schedule I or II of the Bank Act, the existing exemptions relating to the registration, prospectus and filing requirements are not available to it.

13. In order to ensure that RNCB, as an entity listed on Schedule III to the Bank Act, will be 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 RNCB in the Jurisdictions.

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 pursuant to the Legislation is that in connection with the banking business to be carried on by RNCB in the Jurisdictions:

1. RNCB 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 may act as an underwriter in respect of without being required to be registered under the Legislation as an underwriter;

2. RNCB is exempt from the requirement under the Legislation to be registered as an adviser where the performance of the services as an adviser is solely incidental to its primary banking business;

3. A trade of a security to RNCB where RNCB 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, by 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 RNCB;

(ii) the first trade in a security acquired by RNCB 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 RNCB is in a special relationship (where such term is defined in the Applicable Legislation) with such issuer, RNCB has reasonable grounds to believe that such issuer is not in default of any requirements of the Applicable Legislation;

(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 RNCB 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 RNCB 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, in 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 RNCB 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 RNCB or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is later; and

(c) RNCB 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,

and 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 RNCB does not hold sufficient number of securities to materially affect the control of the issuer of such securities but any holding by RNCB of more than 20 per cent 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. RNCB is exempt from the registration and prospectus requirements of the Legislation for trades by RNCB of bonds, debentures or other evidences of indebtedness of or guaranteed by RNCB with Authorized Purchasers; and

5. Evidences of deposit issued by RNCB to Authorized Purchasers are 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 RNCB:

(i) of a type described in subsection 35(1) of the Ontario Act or section 151 of the Regulations made under the Ontario Act; or

(ii) the securities described in subsection 35(2) of the Ontario Act;

B. Sections 25 and 53 of the Ontario Act do not apply to a trade by RNCB in:

(i) a security of a mutual fund, if the security is sold to a pension plan, deferred profit sharing plan, retirement savings plan or other similar capital accumulation plan maintained by the sponsor of the plan for its employees, and

(a) the employees deal only with the sponsor in respect of their participation in the plan and the purchase of the security by the plan, or

(b) the decision to purchase the security is not made by or at the direction of the employee, or

(ii) the security of a mutual fund that

(a) is administered by a body corporate to which the *Trust and Loan Companies Act* (Canada) applies or a trust, loan or insurance corporation incorporated by or under an Act of the Legislature of a province or territory in Canada,

(b) consists of a pool of funds that,

(A) results from, and is limited to, the combination or commingling of funds of pension or other superannuation plans registered under the *Income Tax Act* (Canada), and

(B) is established by or related to persons or companies that are associates or affiliates of or that otherwise do not deal at arm's length with the promoters of the mutual fund except the trust, loan or insurance corporation that administers the fund, and

(c) is managed, in whole or in part, by a person who is registered or who is exempt from registration under the Ontario Act; and

C. 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 RNCB in reliance of this Decision.

March 22, 2001.

"J. A. Geller" "R. W. Davis"

APPENDIX A

The following are the securities and requirements referred to in subclauses 3(ii)(b)(i) and 3(ii)(b)(ii) of the Decision herein:

(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 the corporation 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 a corporation,

(i) 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) 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.

2.2 Orders

2.2.1 Certicom Corp. - s. 147 & 80(b)(iii)

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 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

CERTICOM CORP.

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 Certicom Corp. (the "**Applicant**") filed a preliminary prospectus dated March 9, 2001 (the "**Preliminary Prospectus**") in accordance with the Short Form Rule relating to the qualification of common shares (the "**Offering**") and received a receipt therefor dated March 9, 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.

March 14, 2001.

"Iva Vranic"

2.2.2 BMO Nesbitt Burns Inc. - s. 233

Headnote

Section 233 of the Regulation-Issuer is a connected issuer, but not a related issuer, in respect of registrants that are underwriters in proposed distribution of convertible debentures by the issuer – Underwriters exempt from the clause 224(1)(b) of the Regulation.

Regulations Cited

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

Instruments Cited

Proposed Multi-Jurisdictional Instrument 33-105 Underwriting Conflicts.

Rule 33-5B In the Matter of the Limitations on a Registrant Underwriting Securities of a Related Issuer or Connected Issuer.

National Instrument 44-101 Short Form Prospectus Distributions.

IN THE MATTER OF
REGULATION 1015 R.R.O. 1990, AS AMENDED (the "Regulation")
MADE UNDER THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")

AND

IN THE MATTER OF
BMO NESBITT BURNS INC.

AND

IN THE MATTER OF
ROYAL HOST REAL ESTATE INVESTMENT TRUST

ORDER
(Section 233 of the Regulation)

UPON the application of BMO Nesbitt Burns Inc. (the "Applicant") to the Ontario Securities Commission (the "Commission") for an order, pursuant to Section 233 of the Regulation, exempting the Applicant from the requirements of clause 224(1)(b) of the Regulation in connection with a distribution (the "Offering") of trust units (the "Trust Units") of Royal Host Real Estate Investment Trust (the "Issuer") to be made by means of a short form prospectus;

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

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

1. The Issuer is a trust governed by the laws of the Province of Alberta.

2. The Issuer is a reporting issuer under the Act. The Issuer's outstanding Trust Units are listed on The Toronto Stock Exchange.

3. The Issuer has entered into an underwriting agreement (the "Underwriting Agreement") with BMO Nesbitt Burns Inc., Raymond James Ltd., National Bank Financial Inc., RBC Dominion Securities Inc. and Scotia Capital Inc. (collectively, the "Underwriters") with respect to the Offering.

4. The Issuer filed a preliminary short form prospectus (the "Preliminary Prospectus") with the Commission and with the securities regulatory authorities in each of the other provinces of Canada on March 8, 2001 in order to qualify the Trust Units for distribution in those provinces.

5. The proportionate percentage share of the Offering to be underwritten by each of the Underwriters is as follows:

BMO Nesbitt Burns Inc.	40%
Raymond James Ltd.	24%
National Bank Financial Inc.	12%
RBC Dominion Securities Inc.	12%
Scotia Capital Inc.	12%

6. The Issuer has a $36.5 million loan agreement with the Bank of Montreal (the "Bank") and the Applicant is an affiliate of the Bank.

7. Of the net proceeds of the Offering, $6.5 million will be used to reduce the indebtedness under the Issuer's loan agreement with the Bank and the balance of approximately $13.5 million will be used to upgrade and reposition its existing properties and for working capital and general trust purposes.

8. The Issuer may be considered a "connected issuer" of the Applicant within the meaning of subsection 219(1) of the Regulation. The Issuer is not a "related issuer" within the meaning of subsection 219(1) of the Regulation.

9. The nature of the relationship among the Issuer, the Applicant and the Bank is described in the Preliminary Prospectus and will be described in the final short form prospectus relating to the Offering (the "Prospectus), in accordance with Item 14.1(a) of Form 44-101F3 to National Instrument 44-101 *Short Form Prospectus Distributions* ("NI 44-101") .

10. The Prospectus will contain a certificate signed by each Underwriter in accordance with Item 21.2 of Form 44-101F3 to NI 44-101.

11. The decision to issue the Trust Units, including the determination of the terms of the distribution, was made through negotiation between the Issuer and the Underwriters without involvement of the Bank.

12. The Underwriters will not receive any benefit from the Offering other than the payment of their fees in connection therewith.

13. The Underwriters, in connection with the Offering, do not comply with the proportionality requirements of clause 224(1)(b) of the Regulation.

14. The Issuer is not in financial difficulty and is not under and immediate financial pressure to undertake the Offering.

15. The disclosure required by Appendix C to the proposed Multi-Jurisdictional Instrument 33-105 *Underwriting Conflicts* (the "MJI 33-105") is provided in the Preliminary Prospectus.

16. The Issuer is not a "related issuer" (as such term is defined in MJI 33-105) of the Applicant. In addition, the Issuer is not a "specified party" (as such term is defined in the MJI 33-105).

IT IS ORDERED pursuant to Section 233 of the Regulation that the requirements of clause 224(1)(b) of the Regulation shall not apply to the Applicant in connection with the Offering provided that the information required by Appendix C to MJI 33-105 is contained in the Preliminary Prospectus and Prospectus and the Issuer is not a "specified party" as defined in MJI 33-105 at the time of the Offering.

March 16, 2001.

"J.A. Geller" "Robert W. Davis"

2.2.3 Canadian Western Bank - s. 147 & 80(b)(iii)

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 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
CANADIAN WESTERN BANK

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 Canadian Western Bank (the "**Applicant**") filed a preliminary prospectus dated March 19, 2001 (the "**Preliminary Prospectus**") in accordance with the Short Form Rule relating to the qualification of 1,000,000 common shares in the capital of the Applicant (the "**Offering**") and received a receipt therefor dated March 19, 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.

March 22, 2001.

"Margo Paul"

2.2.4 Wayne S. Umetsu

IN THE MATTER OF
THE *COMMODITY FUTURES ACT*
R.S.O. 1990, c. C. 20, AS AMENDED

AND

IN THE MATTER OF
WAYNE S. UMETSU

ORDER

WHEREAS on September 6, 2000, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Statement of Allegations against Wayne S. Umetsu (the "Respondent");

AND WHEREAS a pre-hearing conference of this matter proceeded before the Commission on March 19, 2001;

AND WHEREAS staff of the Commission and the Respondent, by his counsel Andrew Werbowski, consent to the terms of this Order;

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

IT IS ORDERED THAT pursuant to Section 21 of the *Statutory Powers Procedure Act* R.S.O. 1990, c. S.22 the hearing is adjourned *sine die*, returnable on two weeks notice by either party to these proceedings.

March 19, 2001.

"J. A. Geller"

2.2.5 GT Group Telecom Inc. - s. 147 & 80(b)(iii)

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 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
GT GROUP TELECOM 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 GT Group Telecom Inc. (the "**Applicant**") filed a preliminary prospectus dated March 12, 2001 (the "**Preliminary Prospectus**") in accordance with the Short Form Rule relating to the qualification of 2,372,000 Class B Non-Voting Shares (the "**Offering**") and received a receipt therefor dated March 12, 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.

March 15, 2001.

"Iva Vranic"

2.2.6 Calpine Corp. & Encal Energy Ltd. - s. 3.1

Headnote

Rule 54-501 - Request for relief from the requirement to reconcile to Canadian GAAP financial statements included in an Information Circular which are prepared in accordance with U.S. GAAP.

Ontario Rule Cited

Rule 54-501, Prospectus Disclosure in Certain Information Circulars, s. 3.1.

Rule 41-501, General Prospectus Requirements, s. 9.1.

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

AND

IN THE MATTER OF
CALPINE CORPORATION
AND ENCAL ENERGY LTD.

ORDER
(Section 3.1 - Rule 54-501)

WHEREAS Calpine Corporation ("Calpine") and Encal Energy Ltd. ("Encal") have jointly applied to the Director (the "Commission") of the Ontario Securities Commission (the "Director") for an exemption from the following requirements of Ontario Securities Commission Rule 54-501 Prospectus Disclosure in Certain Information Circulars ("Rule 54-501") as they would otherwise relate to the information circular (the "Proxy Circular") to be delivered by Encal to its securityholders in connection with a proposed combination (the "Combination") of the businesses of Calpine and Encal, pursuant to the terms of a combination agreement (the "Combination Agreement") dated effective as of February 7, 2001 between Calpine and Encal, to be effected by a plan of arrangement (the "Arrangement") pursuant to Section 186 of the *Business Corporations Act* (Alberta) (the "ABCA"): (a) the requirement that certain financial information relating to Calpine and included in the Proxy Circular be reconciled to Canadian GAAP; and (b) the requirement that the Proxy Circular include the financial statements of Calpine Canada Holdings Ltd. ("Calpine Canada") that would be required in a prospectus of Calpine Canada;

AND WHEREAS Calpine and Encal have represented to the Director that:

Encal

1. Encal is a corporation organized and subsisting under the ABCA.

2. Encal's principal business is the acquisition of interests in crude oil and natural gas rights and the exploration for, development, production and marketing of crude oil and natural gas. Encal is one of Canada's top independent natural gas producers.

3. Encal's principal executive offices are located at 1800, 421 Seventh Avenue S.W., Calgary, Alberta, T2P 4K9.

4. The authorized capital of Encal consists of an unlimited number of common shares (the "Encal Common Shares"), an unlimited number of Class A preferred shares issuable in series and an unlimited number of Class B preferred shares issuable in series (collectively, the "Preferred Shares"). As of February 6, 2001, 109,857,279 Encal Common Shares were issued and outstanding and no Preferred Shares were issued and outstanding. As of February 6, 2001, an aggregate of 7,294,981 Encal Common Shares were reserved for issuance pursuant to outstanding Encal options granted under the stock option plan of Encal and, as at such date, no other Encal Common Shares were reserved for issuance pursuant to any outstanding rights or options and no Preferred Shares were reserved for issuance.

5. The Encal Common Shares are fully participating voting shares and are listed on The Toronto Stock Exchange and on the New York Stock Exchange.

6. Encal is a reporting issuer under the Act and is not in default of any of the requirements under the Act or the regulations thereunder and is a reporting issuer or the equivalent of a reporting issuer under the securities laws of each of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec and Nova Scotia.

Calpine

7. Calpine is a corporation organized and subsisting under the laws of the State of Delaware.

8. Calpine is a leading independent power company engaged in the development, acquisition, ownership and operation of power generation facilities and the sale of electricity predominantly in the United States. Calpine has launched the largest power development program in North America focusing on combined-cycle, natural gas-fired generation, and is the world's largest producer of renewable geothermal energy.

9. Calpine's principal executive offices are located at 5th Floor, 50 West San Ferando Street, San Jose, California 95113.

10. The authorized capital stock of Calpine consists of 500,000,000 shares of common stock (the "Calpine Common Stock") (which term includes the related Calpine Common Stock purchase rights issued or issuable under the Rights Agreement dated as of June 5, 1997 (the "Calpine Rights Agreement") between Calpine and First Chicago Trust Company of New York, as Rights Agent), and 10,000,000 shares of preferred stock, issuable in series ("Calpine Preferred Stock") of which 500,000 shares have been designated Series A Participating Preferred Stock. As of February 1, 2001, no shares of Calpine Preferred Stock were issued or outstanding, 283,739,629 shares of Calpine Common Stock were issued and outstanding and no shares of Calpine Common Stock were held by Calpine in its treasury. As of February 1, 2001, (i) 35,138,595 shares of Calpine Common Stock were reserved or allocated for issuance upon the exercise of stock options then outstanding under Calpine's stock option plans and for future issuance of options under Calpine's stock option plans, (ii) 44,881,650 shares of Calpine Common Stock were reserved or allocated for issuance upon exchange or conversion of certain other convertible securities, and (iii) Calpine has in its authorized capital the number of shares of Calpine Preferred Stock required to be issued upon the exercise of the rights provided by the Calpine Rights Agreement in accordance with the terms and conditions thereof.

11. The shares of Calpine Common Stock are fully participating and voting and are currently traded on the New York Stock Exchange.

12. Calpine is subject to the rules and regulations of the United States Securities and Exchange Commission (the "SEC") and the informational requirements of the United States Securities Exchange Act of 1934 (the "Exchange Act"). Calpine is not a reporting issuer or the equivalent thereof in Ontario or any other Canadian jurisdiction and will not become a reporting issuer in any jurisdiction as a result of the Combination and Arrangement.

Calpine Canada

13. Calpine Canada is a newly established corporation incorporated under the laws of Alberta and is wholly owned by Calpine. Upon the completion of the Combination, it is intended that the Exchangeable Shares (as hereinafter defined) of Calpine Canada will be listed and posted for trading on The Toronto Stock Exchange.

14. Calpine Canada's registered office is located at 3700, 400 Third Avenue S.W., Calgary, Alberta, T2P 4H2.

15. Calpine Canada's authorized capital will consist of an unlimited number of common shares and an unlimited number of Exchangeable Shares.

16. All common shares of Calpine Canada will be held (as registered and beneficial owner) by Calpine or a subsidiary of Calpine, for as long as any outstanding Exchangeable Shares are owned by any person other than Calpine or any of Calpine's subsidiaries, except in cases where any person or group of persons acting jointly or in concert acquires Calpine Common Stock pursuant to any merger of Calpine pursuant to which Calpine is not the surviving corporation or acquires all or substantially all of Calpine's assets.

The Combination

17. Under the terms of the Combination, the holders ("Encal Shareholders") of Encal Common Shares (other than dissenting holders) will transfer each of the Encal Common Shares held by them to Calpine Canada in consideration for a fixed value of $12.00 per share, payable in the form of exchangeable shares ("Exchangeable Shares") of Calpine Canada. The number of Exchangeable Shares to be received for each Encal Common Share is to be determined in

accordance with an exchange ratio described in the Combination Agreement (the "Exchange Ratio") based on the average trading price of the Calpine Common Stock for the ten consecutive trading days ending on the third trading day before the meeting of Encal Shareholders being held to approve the Arrangement. Each Exchangeable Share will entitle the holder to: (i) receive one share of Calpine Common Stock; (ii) receive dividends equivalent to any dividends paid on Calpine Common Stock; and (iii) vote indirectly through a trust arrangement described below at meetings of the holders of Calpine Common Stock ("Calpine Stockholders"). Upon completion of the Combination, Encal will be wholly-owned by Calpine Canada, and all of the former Encal Shareholders (other than dissenting holders) will hold Exchangeable Shares issued by Calpine Canada.

18. As part of the Combination each option to acquire Encal Common Shares (collectively, the "Encal Options") will be converted into or exchanged for an option (collectively, the "Calpine Options") to purchase a number of whole shares of Calpine Common Stock equal to the number of Encal Common Shares subject to such Encal Option multiplied by the Exchange Ratio rounded down to the nearest whole number of shares at an exercise price equal to the exercise price per share of such Encal Option, converted to U.S. dollars and divided by the Exchange Ratio. The obligations of Encal under the Encal Options as so converted or exchanged will be assumed by Calpine and Calpine will be substituted for Encal under, and as sponsor of, Encal's stock option plan. Holders of Encal Options ("Encal Optionholders") will be given dissent rights pursuant to the Arrangement.

19. Calpine has undertaken to comply with the conditions that would apply to Calpine if it distributed Calpine Common Stock in Canada pursuant to a prospectus filed under National Instrument 71-101 The Multijurisdictional Disclosure System ("NI 71-101"). In particular, if the Arrangement becomes effective:

(a) Calpine shall concurrently send to all holders of Exchangeable Shares resident in Canada all disclosure material furnished to holders of Calpine Common Stock resident in the United States, including, but not limited to, copies of its annual report and all proxy solicitation materials;

(b) Calpine Canada shall file with the securities commissions or other securities regulatory authorities in each jurisdiction in Canada copies of all documents filed by Calpine with the SEC under the Exchange Act, including, but not limited to, copies of any Form 10-K, Form 10-Q, Form 8-K and Proxy Circular and other material information prepared in connection with Calpine's annual meeting;

(c) Calpine shall comply with the requirements of the New York Stock Exchange (or such other principal stock exchange on which the Calpine Common Stock is then listed) in respect of making public disclosure of material information on a timely basis and shall forthwith issue in each Canadian jurisdiction and file with the securities commissions or other securities regulatory authorities in each jurisdiction in Canada any press release that discloses a material change in Calpine's affairs;

(d) Calpine Canada shall provide each recipient or proposed recipient of Exchangeable Shares resident in Canada with a statement that, as a consequence of the order in respect of the MRRS Application, Calpine Canada and its insiders will be exempt from certain disclosure requirements applicable to reporting issuers and insiders, that specifies those requirements Calpine Canada and its insiders have been exempted from, and that identifies the disclosure, that will be made in substitution therefor;

(e) Calpine Canada shall comply with the requirements of the applicable statutory or other regulatory requirements in each applicable Canadian jurisdiction to issue a press release and file a report with the securities commissions or other securities regulatory authorities in each jurisdiction in Canada upon the occurrence of a material change in respect of the affairs of Calpine Canada that are not material changes in the affairs of Calpine;

(f) Calpine shall include in all future mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise insert explaining the reason for the mailed material being solely in relation to Calpine and not to Calpine Canada, such insert to include a reference to the economic equivalency between the Exchangeable Shares and Calpine Common Stock and the right to direct voting at Calpine Stockholders' meetings; and

(g) Calpine shall remain the direct or indirect beneficial owner of 100% of the issued and outstanding voting securities of Calpine Canada for as long as any outstanding Exchangeable Shares are owned by any person or entity other than Calpine or any of Calpine's subsidiaries provided, however, Calpine shall not be in violation of this provision if any person or group of persons acting jointly or in concert acquires Calpine Common Stock pursuant to any merger of Calpine pursuant to which Calpine is not the surviving corporation or acquires all or substantially all of Calpine's assets.

The Proxy Circular

20. Calpine and Encal are preparing the Proxy Circular with respect to the special meeting of Encal Shareholders and Encal Optionholders relating to the Arrangement and the approval of certain matters in connection therewith (the "Encal Meeting"). As promptly as practicable after the Proxy Circular is prepared and the interim order of the court respecting the Arrangement is

granted, Encal intends to cause the Proxy Circular to be mailed to Encal Shareholders and Encal Optionholders entitled to vote at the Encal Meeting. It is expected that the Encal Meeting will be held on or about April 18, 2001. The Arrangement does not require the approval of the Calpine Stockholders.

21. The Proxy Circular will contain prospectus disclosure concerning the respective businesses of Encal and Calpine and a detailed description of the Combination, and will be mailed to Encal Shareholders and Encal Optionholders in connection with the Encal Meeting. The Proxy Circular will be prepared in conformity with the provisions of the *Securities Act* (Alberta), the ABCA, the applicable policy statements of the Alberta Securities Commission relating to information circulars and Rule 54-501 as it applies to reporting issuers in Ontario (subject to the exemptive relief granted by this Order).

22. The Proxy Circular will disclose that, in connection with the Combination, Calpine and Calpine Canada have applied for but not yet been granted relief from the registration and prospectus requirements, the continuous disclosure requirements and insider reporting requirements and disclosed the limitations imposed on any resale of securities acquired pursuant to the decision requested in an application filed with the Commission and the securities regulators in all jurisdictions in Canada on behalf of Calpine, Calpine Canada and Encal under National Policy No. 12-201, with Alberta as the principal jurisdiction (the "MRRS Application"). The Proxy Circular will disclose the disclosure requirements from which Calpine Canada has applied to be exempted and identify the disclosure that will be made in substitution therefor if such exemptions are granted.

Canadian GAAP Reconciliation of Calpine Financial Information

23. Calpine is eligible to distribute Calpine Common Stock in Canada pursuant to a prospectus filed under the multi-jurisdictional disclosure system prescribed by National Instrument 71-101 (the "MJDS Rule"). The Proxy Circular will include the disclosure that would be required in an MJDS Prospectus in respect of the business and affairs of Calpine, including complying with the applicable significant business acquisition rules of U.S. securities law.

24. Under the terms and conditions of the Combination and Arrangement and under the terms of the MRRS Application, if granted, Encal Shareholders will, after completion of the Arrangement, hold the Exchangeable Shares and will be provided with the continuous disclosure and other shareholder materials which are provided to holders of Calpine Common Stock in the United States.

Financial Statements of Calpine Canada

25. Calpine Canada has not conducted any active business since it was incorporated that is material to holders of Exchangeable Shares and will remain a wholly-owned subsidiary of Calpine at all times. The Exchangeable Shares will provide a former Encal Shareholder with a security having economic and voting rights which are, as nearly as practicable, equivalent to those of Calpine Common Stock. An Encal Shareholder resident in Canada will generally be able to receive the Exchangeable Shares on a tax-deferred rollover basis. The Exchangeable Shares will qualify as Canadian property for RRSP, RRIF, RESP and other savings and pension plans.

26. The Exchangeable Shares provide a holder with a security in a Canadian issuer (i.e. Calpine Canada) having economic and voting rights which are, as nearly as practicable, equivalent to those of Calpine Common Stock and should allow certain Encal Shareholders to receive the shares on a tax deferred basis. In particular, each Exchangeable Share will be (a) entitled to dividends from Calpine Canada payable at the same time as, and in the Canadian dollar equivalent of, each dividend paid by Calpine on a share of Calpine Common Stock, (b) exchangeable at the option of the holder at any time for a share of Calpine Common Stock, (c) entitled on the liquidation, dissolution or winding-up of Calpine Canada to be exchanged for one share of Calpine Common Stock, (d) upon the liquidation, dissolution or winding-up of Calpine, automatically exchanged for one share of Calpine Common Stock so that the holders thereof may participate in the dissolution of Calpine on the same basis as the holders of Calpine Common Stock and (e) entitled to direct voting rights equivalent to the voting rights attached to Calpine Common Stock at each meeting of holders of Calpine Common Stock.

27. The rights attaching to the Exchangeable Shares and the Calpine Common Stock are virtually identical and the value of the Exchangeable Shares and the Calpine Common Stock is entirely dependent only on the assets and operations of Calpine, of which the assets and operations of Calpine Canada form only an indirect part. Holders of Exchangeable Shares will effectively have a participating interest in Calpine and will not have a participating interest in Calpine Canada. It is only Calpine, as the sole holder of the outstanding common shares of Calpine Canada, and not the holders of Exchangeable Shares, that has a direct participating interest in Calpine Canada.

28. The Proxy Circular will contain prospectus disclosure relating to Calpine (including Calpine's compliance with United States securities law rules relating to significant acquisitions), Encal and Calpine Canada and the Exchangeable Shares.

AND WHEREAS the Director is satisfied that it would not be prejudicial to the public interest to grant the exemptive relief requested;

IT IS ORDERED pursuant to Section 3.1 of Rule 54-501 that Calpine, Calpine Canada and Encal be and are hereby exempted from the following requirements of Rule 54-501 as they would otherwise relate to the Proxy Circular: (a) that the financial information relating to Calpine and included in the Proxy Circular be reconciled to Canadian GAAP; and (b) that

the Proxy Circular include the financial statements of Calpine Canada that would be required in a prospectus of Calpine Canada.

March 16, 2001.

"Kathryn Soden"

2.2.7 American Resource Corporation Limited - s. 144

Headnote

Section 144 - revocation of cease trade order upon remedying of default and mailing financial statements to shareholders.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 127, 144 and Part XVIII.

Applicable Notices

Ontario Securities Commission Notice 35 - Revocation of Cease Trade Orders (1995) 18 OSCB 5.

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

AND

IN THE MATTER OF
AMERICAN RESOURCE CORPORATION LIMITED

ORDER
(SECTION 144)

WHEREAS the securities of **American Resource Corporation Limited** ("ARC") are subject to a Temporary Order of the Deputy Director dated June 3, 1994, and extended by the Order of the Deputy Director dated June 15, 1994 made under the predecessor to section 127 of the Act (collectively, the "Cease Trade Order") directing that trading in the securities of ARC cease;

AND WHEREAS ARC has made application to the Director (the "Director") of the Ontario Securities Commission (the "Commission") pursuant to section 144 of the Act for a revocation of the Cease Trade Order;

AND UPON ARC having represented to the Director that:

1. ARC is a merchant financing company, incorporated under the laws of Bermuda on August 27, 1981.

2. ARC became a reporting issuer in the Province of Ontario on May 21, 1987.

3. The authorized capital of ARC consists of 20,000 common shares and 100,000,000 Class A non-voting shares, of which 16,500 common shares and 88,353,500 Class A non-voting shares are issued and outstanding.

4. The Cease Trade Order was issued due to ARC's inadvertent failure to file with the Commission the audited annual statements for the year ended December 31, 1993 and interim statements for the period ended March 31, 1994.

5. The 1993 Annual Financial Statements along with the annual filing fee was filed as of January 7, 2000.

6. The audited financial statements for the years ending December 31, 1997, 1998 and 1999, as well as the unaudited interim financial statements for the three, six and nine months, as the case may be, during such periods (collectively the "Financial Statements") were inadvertently not filed with the Commission or sent to the shareholders of ARC on a timely basis.

7. ARC has filed the Financial Statements and all materials required to be filed by ARC pursuant to the Act, and has sent the Financial Statements to the shareholders of ARC.

8. ARC is not considering, nor is it involved in any discussions relating to, a reverse take-over or similar transaction;
9. Except for the current Cease Trade Order, ARC is not in default of any requirement of the Act and the regulation made thereunder.

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

AND UPON the Director being satisfied that ARC is now current with the continuous disclosure requirements under Part XVIII of the Act and has remedied its default in respect of such requirements;

AND UPON the Director being of the opinion 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.

March 19, 2001.

"John Hughes"

2.2.8 NHC Communications Inc. - s. 147 & 80(b)(iii)

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 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
NHC COMMUNICATIONS 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 NHC Communications Inc. (the "**Applicant**") filed a preliminary prospectus dated March 15, 2001 (the "**Preliminary Prospectus**") in accordance with the Short Form Rule relating to the qualification of debt securities (the "**Offering**") and received a receipt therefor dated March 15, 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.

March 23, 2001.

"Margo Paul"

2.3 Rulings

2.3.1 Consolidated Stone Industries Inc. - ss. 74(1)

Headnote

Subsection 74(1) - exemption from prospectus and registration requirements for issuance of securities to unsecured creditors of issuer pursuant to proposal made under the Bankruptcy and Insolvency Act (Canada), subject to certain conditions - first trades by arm's length creditors subject to conditions similar to conditions in subsection 72(5) - first trades by non-arm's length creditors subject to conditions similar to conditions in subsection 72(4).

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am. S25, 53, 72(4), 72(5) and 74(1).

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, CHAPTER S.5, AS AMENDED (the "Act")

AND

IN THE MATTER OF
CONSOLIDATED STONE INDUSTRIES INC.

RULING
(Subsection 74(1))

UPON the application (the "Application") of Consolidated Stone Industries Inc. ("**Consolidated**") to the Ontario Securities Commission (the "**Commission**") for a ruling pursuant to subsection 74(1) of the Act that the proposed issuance of an aggregate of 6,036,512 common shares ("**Common Shares**") in the capital of Consolidated to the Ontario Creditors (as hereinafter defined) is not subject to section 25 and section 53 of the Act;

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

AND UPON Consolidated having represented to the Commission that:

1. Consolidated was incorporated under the laws of the Province of British Columbia on May 16, 1980.

2. Consolidated's principal business is the development and operation of marble and limestone quarries and the processing of dimensional stone into marble and limestone tiles and slabs for the construction industry.

3. The authorized capital of Consolidated consists of 50,000,000 Common Shares, of which 4,334,478 Common Shares are issued and outstanding before giving effect to the share issuance contemplated herein.

4. Consolidated is not a reporting issuer under the Act.

5. The outstanding Common Shares are listed and posted for trading on the Canadian Venture Exchange (the "**CDNX**").

6. Consolidated's financial position required it to make a proposal (the "**Proposal**") to its creditors under the *Bankruptcy and Insolvency Act* (Canada) on August 4, 2000 in order to satisfy outstanding trade debts. The Proposal provided, in part, for all claims of Consolidated's ordinary unsecured creditors (the "**Creditors**") to be satisfied by way of two streams: (1) those with proven claims equal to or less than $500 or those who have agreed to limit their proven claims to such amount to be paid in cash; and (2) those with proven claims greater than $500 and who have not agreed to limit their proven claims (the "**Share Creditors**"). Under the Proposal, the claims of the Share Creditors are to be satisfied by the issuance of 6.5 Common Shares for each one dollar of proven claim.

7. Consolidated received court approval of the Proposal from the Ontario Superior Court of Justice, In Bankruptcy on October 19, 2000, having already received approval by the requisite majority of the Creditors, as required under the *Bankruptcy and Insolvency Act* (Canada).

8. The CDNX has approved the issuance of an aggregate of 7,296,245 Common Shares to the Share Creditors (the "**Proposal Shares**") in order to satisfy the share stream of the Proposal. The Proposal Shares will retire creditor claims in the aggregate amount of $1,239,547.86 at an effective price of $0.1538 per Common Share. The Proposal provided for payment to be made to the Creditors under both streams on February 5, 2001. The Proposal Shares are being held on behalf of the Creditors by PricewaterhouseCoopers Inc., it its capacity as trustee in bankruptcy (the "**Trustee**").

9. The share-for-debt transaction contemplated by the Proposal is exempt from the prospectus and registration requirements under the *Securities Act* (British Columbia); however, no such exemption exists under the Act. A total of 46 of the Share Creditors are residents in, or otherwise subject to the securities laws of, the Province of Ontario (the "**Ontario Creditors**"), and as such are governed by the provisions of the Act.

10. The issuance of the Proposal Shares to the Ontario Creditors will represent 49.84% of the issued and outstanding Common Shares following the issuance of such shares.

11. The most recent closing price of the outstanding Common Shares on the CDNX as of February 5, 2001, the day the share-for-debt transaction under the Proposal was effected, was $0.08.

12. Of the Ontario Creditors, 44 or 95.6% are at arm's length to Consolidated, while 2 or 4.4% (the "**Non-arm's Length Ontario Creditors**") are non-arm's length to Consolidated, by reason of the percentage of the Proposal Shares they will individually receive. Furthermore, the amounts owing to the Ontario Creditors are *bona fide* debts of Consolidated. It should be noted that one such *bona fide* debt is a receivable purchased from a supplier of Consolidated by one of the Ontario Creditors for which the CDNX, in keeping with its policy on debts purchased by insiders and their associates, only allows a share-for-debt settlement based upon the amount paid for the debt rather than its face value. Such being the case, the Ontario Creditor will take a reduced number of Proposal Shares for that particular *bona fide* debt.

13. The CDNX has accepted for filing and approved the listing of the Proposal Shares to be issued to the Share Creditors under the Proposal.

14. Consolidated and the Creditors, including the Ontario Creditors, are bound by the provisions of the Proposal as approved by the Ontario Superior Court of Justice, In Bankruptcy. Consolidated does not have available cash to satisfy the claims of the Ontario Creditors. The issuance of the Proposal Shares is the only means available to Consolidated to accommodate the claims of the Share Creditors, including the Ontario Creditors, under the Proposal.

15. Consolidated's bankruptcy protection proceedings will be discontinued following the distribution of the Proposal Shares and the cash repayment to the Creditors by the Trustee.

16. For the fiscal year ended May 31, 2000, Consolidated had a deficit of $14,952,958, and for the quarter ended August 31, 2000, Consolidated had a deficit of $14,924,683 (inclusive of the opening period deficit).

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 issuance by Consolidated of the Proposal Shares to the Ontario Creditors is not subject to section 25 and section 53 of the Act, provided that:

(a) prior to the issuance of the Proposal Shares, Consolidated provides to each of the Ontario Creditors a copy of this Ruling, together with a statement that as a consequence of this Ruling, certain protections, rights and remedies provided by the Act, including statutory rights of rescission and/or damages, will not be available in respect of the Proposal Shares issued to them pursuant to this Ruling and that certain restrictions are imposed on the disposition of the Proposal Shares;

(b) the first trade in the Proposal Shares acquired pursuant to this Ruling by an Ontario Creditor, other than a Non-arm's Length Ontario Creditor, shall be a distribution unless such first trade is made in accordance with the provisions of subsection 72(5) of the Act except that, for these purposes, it shall not be necessary to satisfy the requirements in clause 72(5)(a) that Consolidated not be in default of any requirement of the Act or the regulations if the Ontario Creditor selling is not in a special relationship with Consolidated, or, if the Ontario Creditor is in a special relationship with Consolidated, the Ontario Creditor has reasonable grounds to believe that the Consolidated is not in default under the Act or the regulations, where, for these purposes, "special relationship" shall have the same meaning as in Commission Rule 14-501 Definitions, as if such Proposal Shares had been acquired by such Ontario Creditor pursuant to an exemption referred to in subsection 72(5) of the Act; and

(c) the first trade in the Proposal Shares made by a Non-arm's Length Ontario Creditor shall be a distribution unless such first trade is made in accordance with the provisions of subsection 72(4) of the Act except that, for these purposes, it shall not be necessary to satisfy the requirements in clause 72(4)(a) that Consolidated not be in default of any requirement of the Act or the regulations if the Non-arm's Length Ontario Creditor selling is not in a special relationship with Consolidated, or, if the Non-arm's Length Ontario Creditor is in a special relationship with Consolidated, the Non-arm's Length Ontario Creditor has reasonable grounds to believe that the Consolidated is not in default under the Act or the regulations, where, for these purposes, "special relationship" shall have the same meaning as in Commission Rule 14-501 Definitions, as if such Proposal Shares had been acquired by such Non-arm's Length Ontario Creditor pursuant to an exemption referred to in subsection 72(4) of the Act.

March 27, 2001.

"Howard I. Wetston" "R. Stephen Paddon"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Decisions

3.1.1 OSC vs Lawrence D. Wilder, Cassels Brock & Blackwell

COURT OF APPEAL FOR ONTARIO
ABELLA, GOUDGE and SHARPE JJ.A.

B E T W E E N :	)	
	)	
LAWRENCE D. WILDER and CASSELS BROCK & BLACKWELL	)	H. Lorne Morphy, Linda L. Fuerst and Miriam Saksznajder, for the Appellants
	)	
Applicants (Appellants)	)	Brian Greenspan, for the Intervener
	)	
- and -	)	
	)	
ONTARIO SECURITIES COMMISSION	)	Ian R. Smith and Kathryn J. Daniels, for the Respondent
	)	
Respondent (Respondent in appeal)	)	
	)	**Heard:** February 6, 2001

On appeal from the Divisional Court judgment of Justices James B.S. Southey, Jean L. MacFarland and Katherine E. Swinton dated February 15, 2000.

SHARPE J.A.:

[1] This appeal calls into question the authority of the Ontario Secuties Commission (the "OSC") to reprimand the appellant, Lawrence D. Wilder ("Wilder"), a solicitor, for alleged misconduct in connection with his representation of a client before the OSC. The appellants, Wilder and Cassels Brock and Blackwell ("Cassels"), supported by the intervenor, The Law Society of Upper Canada ("The Law Society"), submit that the OSC lacks a statutory mandate to reprimand Wilder for his conduct. They argue that the allegations against Wilder must be dealt with either by way of *quasi*-criminal proceedings before the Ontario Court of Justice or by The Law Society. They appeal, with leave of this Court, the order of the Divisional Court dismissing their application for judicial review, asking for an order that the OSC be prohibited from continuing proceedings against the appellants and quashing a Notice of Hearing.

FACTS

[2] Wilder is a solicitor and a partner in the Cassels firm. At all relevant times, YBM Magnex International Inc. ("YBM") was a client of Cassels and Wilder in connection with the filing of a preliminary prospectus with the OSC. Wilder is not and never has been an officer, director, shareholder or promoter of YBM. In all of his dealings with the OSC on behalf of YBM, Wilder acted exclusively as YBM's counsel.

[3] The proceedings at issue before the OSC were commenced by a Notice of Hearing, dated November 1, 1999, naming Wilder, YBM, the directors of YBM, its CEO and CFO, and the co-lead underwriters for a YBM financing. The Notice advises the named parties of a hearing to determine whether various orders should be made against them pursuant to ss. 127 and 128 of the *Securities Act*, R.S.O. 1990, c. S.5. With respect to Wilder, the Notice of Hearing states that at the hearing the OSC will consider:

1. whether in its opinion it is in the public interest to make an order pursuant to s. 127(1) para. 6 of the Act to reprimand Wilder; and

2. whether, if the OSC determines that Wilder has not complied with Ontario securities law, application should be made to the Superior Court of Justice for a declaration that Wilder has not complied with Ontario securities law, pursuant to s. 128(1) of the *Act*, and/or a

remedial order against Wilder, pursuant to s. 128(3) of the *Act*.

[4] The Statement of Allegations of the Staff of the OSC, served in support of the Notice of Hearing, provides details of the specific allegations. The Staff alleges that a letter to the OSC written by Wilder on behalf of YBM contained misleading or untrue statements of fact:

> Wilder made statements in a letter dated July 4, 1997 to Staff of the Commission that in a material respect, and at the time and in the light of the circumstances under which the statements were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements not misleading; specifically, statements concerning the result of due diligence conducted in respect of YBM. In doing so, Wilder acted in a manner contrary to the public interest.

The allegations against the other named parties relate to alleged non-disclosure by YBM in prospectuses filed with the OSC and to YBM's alleged failure to comply with its continuous disclosure obligations. The allegations against these parties concern contraventions of duties and obligations imposed by Ontario securities law.

LEGISLATION

[5] The *Securities Act*, Part XXII provides for three methods of enforcement that are available to the OSC in carrying out its mandate to regulate the securities industry. The first method is a *quasi*-criminal proceeding in the Ontario Court of Justice, pursuant to s. 122(1), leading to conviction and fine or imprisonment:

> 122 (1) Every person or company that,
>
> (a) makes a statement in any material, evidence or information submitted to the Commission, a Director, any person acting under the authority of the Commission or the Executive Director or any person appointed to make an investigation or examination under this Act that, in a material respect and at the time and in the light of the circumstances under which it is made, is misleading or untrue or does not state a fact that is required to be stated or that is necessary to make the statement not misleading;
>
> (b) makes a statement in any application, release, report, preliminary prospectus, prospectus, return, financial statement, information circular, take-over bid circular, issuer bid circular or other document required to be filed or furnished under Ontario securities law that, in a material respect and at the time and in the light of the circumstances under which it is made, is misleading or untrue or does not state a fact that is required to be stated or that is necessary to make the statement not misleading; or
>
> (c) contravenes Ontario securities law,
>
> is guilty of an offence and on conviction is liable to a fine of not more than $1,000,000 or to imprisonment for a term of not more than two years, or to both.

[6] The second enforcement method is an administrative proceeding, such as that taken in the present case, before the OSC pursuant to s. 127 for an "order in the public interest":

> 127.(1) The Commission may make one or more of the following orders if in its opinion it is in the public interest to make the order or orders:
>
> 1. An order that the registration or recognition granted to a person or company under Ontario securities law be suspended or restricted for such period as is specified in the order or be terminated, or that terms and conditions be imposed on the registration or recognition.
>
> 2. An order that trading in any securities by or of a person or company cease permanently or for such period as is specified in the order.
>
> 3. An order that any exemptions contained in Ontario securities law do not apply to a person or company permanently or for such period as is specified in the order.
>
> 4. An order that a market participant submit to a review of his, her or its practices and procedures and institute such changes as may be ordered by the Commission.
>
> 5. If the Commission is satisfied that Ontario securities law has not been complied with, an order that a release, report, preliminary prospectus, prospectus, return, financial statement, information circular, take-over bid circular, issuer bid circular, offering memorandum, proxy solicitation or any other document described in the order,
>
> i. be provided by a market participant to a person or company,
> ii. not be provided by a market participant to a person or company, or
> iii. be amended by a market participant to the extent that amendment is practicable.
>
> 6. An order that a person or company be reprimanded.
>
> 7. An order that a person resign one or more positions that the person holds as a director or officer of an issuer.

8. An order that a person is prohibited from becoming or acting as director or officer of any issuer.

[7] The third enforcement method is an application pursuant to s. 128 to the Superior Court of Justice for an order from that court.

128.(1) The Commission may apply to the Ontario Court (General Division) for a declaration that a person or company has not complied with or is not complying with Ontario securities law.

(2) The Commission is not required, before making an application under subsection (1), to hold a hearing to determine whether the person or company has not complied with or is not complying with Ontario securities law.

(3) If the court makes a declaration under subsection (1), the court may, despite the imposition of any penalty under section 122 and despite any order made by the Commission under section 127, make any order that the court considers appropriate against the person or company, including, without limiting the generality of the foregoing, one or more of the following orders:

1. An order that the person or company comply with Ontario securities law.

2. An order requiring the person or company to submit to a review by the Commission of his, her or its practices and procedures and to institute such changes as may be directed by the Commission.

3. An order directing that a release, report, preliminary prospectus, prospectus, return, financial statement, information circular, takeover bid circular, issuer bid circular, offering memorandum, proxy solicitation or any other document described in the order,

   i. be provided by the person or company to another person or company,

   ii. not be provided by the person or company to another person or company, or

   iii. be amended by the person or company to the extent that amendment is practicable.

4. An order rescinding any transaction entered into by the person or company relating to trading in securities including the issuance of securities.

5. An order requiring the issuance, cancellation, purchase, exchange or disposition of any securities by the person or company.

6. An order prohibiting the voting or exercise of any other right attaching to securities by the person or company.

7. An order prohibiting the person from acting as officer or director or prohibiting the person or company from acting as promoter of any market participant permanently or for such period as is specified in the order.

8. An order appointing officers and directors in place of or in addition to all or any of the officers and directors of the company then in office.

9. An order directing the person or company to purchase securities of a security holder.

10. An order directing the person or company to repay to a security holder any part of the money paid by the security holder for securities.

11. An order requiring the person or company to produce to the court or an interested person financial statements in the form required by Ontario securities law, or an accounting in such other form as the court may determine.

12. An order directing rectification of the registers or other records of the company.

13. An order requiring the person or company to compensate or make restitution to an aggrieved person or company.

14. An order requiring the person or company to pay general or punitive damages to any other person or company.

15. An order requiring the person or company to disgorge to the Minister any amounts obtained as a result of the non-compliance with Ontario securities law.

16. An order requiring the person or company to rectify any past non-compliance with Ontario securities law to the extent that rectification is practicable.

JUDGMENT OF THE DIVISIONAL COURT (Southey, MacFarland and Swinton JJ. (2000), 47 O.R. (3d) 361)

[8] Before the Divisional Court, the focus of the appellants' attack on the OSC proceedings was the submission that s. 127(1) should be interpreted so as not to apply to lawyers acting in their professional capacity. It was

further submitted that if the provision does apply to lawyers acting in their professional capacity, it is to that extent unconstitutional and should be read down.

[9] Swinton J., writing for the Court, rejected the appellants' submission. She observed that there was nothing in the language of s. 127(1) nor in its legislative history to suggest that it should not apply to lawyers. Indeed, she noted at p. 367, adoption of the provision indicated a legislative intention "to broaden the powers of the [OSC] to make orders in the public interest" and that the legislature "chose words which do not preclude their application to lawyers." The Divisional Court rejected the contentions that The Law Society has exclusive jurisdiction to regulate the professional conduct of lawyers, and that to allow the OSC to involve itself in the professional conduct of lawyers would have a chilling effect upon the ability of members of the public to obtain independent legal representation.

[10] The Divisional Court found that the OSC's proposed exercise of jurisdiction over Wilder was not inconsistent with the important role of The Law Society in regulating the legal profession. Both The Law Society and the OSC exercise public interest functions, but (at p. 368) "the public interests which they seek to protect are not the same." The Law Society's role, as stated by the Divisional Court at p. 368 is "to govern the legal profession in the public interest, and to ensure that members of the profession do not engage in professional misconduct or conduct unbecoming a barrister and solicitor." The role of the OSC, on the other hand, was described at p. 368 as "that of protecting investors and the proper functioning of Ontario's capital markets. Ensuring proper disclosure and maintaining the integrity of its processes are an important part of this role." The Divisional Court concluded at p. 368 that there was no basis for holding lawyers immune from the regulatory powers of the OSC:

> In proceedings such as these, the [OSC] is not usurping the role of the Law Society, as its objective is not to discipline the lawyer for professional misconduct; rather its concern is to remedy a breach of its own Act which violates the public interest in fair and efficient capital markets, and to control its own processes.

[11] Finally, the Divisional Court rejected the contention that by exercising jurisdiction over Wilder, the OSC would infringe the rule of law by interfering with the independence of the bar. The Divisional Court observed at p. 369 that all the OSC was seeking to do was "to ensure that lawyers, among others, do not mislead" it and that the exercise of that jurisdiction "will not interfere with the ability of lawyers who practice securities law to continue to provide excellent and vigorous representation to their clients."

ISSUES

1. Does the OSC have jurisdiction, as a matter of statutory interpretation, to reprimand Wilder for the alleged misconduct?

2. Does the OSC have jurisdiction to reprimand lawyers for their conduct as solicitors before the OSC?

ANALYSIS

Issue 1: Does the OSC have jurisdiction, as a matter of statutory interpretation, to reprimand Wilder for the alleged misconduct?

[12] Before this Court, the principal submission relied on by the appellants was that the allegation against Wilder fell squarely and exclusively within the terms of the offence created by s. 122(1)(a). The appellants submit that, as a matter of statutory construction, the legislature has assigned exclusive jurisdiction to deal with conduct amounting to an offence under s. 122(1)(a) upon the Ontario Court of Justice pursuant to that section and the *Provincial Offences Act*, R.S.O. 1990, c. P.33, s. 29(1). It follows, they say, that the OSC has no statutory authority to deal with the allegation pursuant to the administrative process contemplated by s. 127. Second, the appellants contend that the reprimand power in s. 127(1) para. 6 is limited to situations where the party would otherwise be subject to an order contemplated by s. 127(1) paras. 1-5. Third, the appellants submit that a reprimand is punitive in nature and that punitive orders are beyond the scope of s. 127.

[13] These arguments, it should be noted, have nothing to do with Wilder's status as a solicitor or member of The Law Society. They are based entirely upon the wording of the relevant provisions of the Act and would apply to any person or corporation alleged to have provided misleading or untrue information to the OSC.

[14] These arguments were not raised before the Divisional Court, but they were raised on the motion for leave to appeal. The OSC takes the position that in the normal course, the OSC ought to make the initial determination as to its own jurisdiction. However, the OSC acknowledges that it is in the interests of justice for this Court to rule on all of the arguments made by the appellants relating to the jurisdiction of the OSC to proceed with the proposed hearing.

(i) Is the alleged conduct within the exclusive jurisdiction of the Ontario Court of Justice pursuant to s. 122(1)(a)?

[15] The specific allegation against Wilder precisely tracks the wording of the prohibition contained in s. 122(1)(a). There can be no doubt that on this allegation the OSC could have proceeded by way of a *quasi*-criminal prosecution against Wilder in the Ontario Court of Justice. Nor, in my view, can there be any doubt that the Ontario Court of Justice has exclusive jurisdiction the try any charges that are laid under s. 122(1)(a). The question is whether the OSC is limited to that enforcement route in dealing with conduct that could form the subject of a charge pursuant to s. 122(1)(a).

[16] The appellants submit that s. 122 makes an important distinction between the kind of conduct alleged against Wilder, set out in s. 122(1)(a), and the different and more general offence of contravening Ontario securities law set out in s. 122(1)(c). They concede that the *Act*

allows the OSC to use all three means of enforcement where the conduct at issue amounts to a contravention of Ontario securities law. Section 127(1) para. 5 expressly provides that the OSC may impose administrative sanctions for a contravention of Ontario securities law. Similarly, s. 128(1) specifically allows the OSC to ask the Superior Court of Justice for a remedy in the case of a contravention of Ontario securities law. However, the appellants argue that as the legislature found it necessary to create the separate and distinct offence of making misleading or untrue statements in s. 122(1)(a), that same conduct does not and cannot fall within the words of s. 122(1)(c) creating the offence "contravenes Ontario securities law". They say that it inevitably follows that the statutory scheme should be read as conferring upon the Ontario Court of Justice exclusive jurisdiction to deal with allegations of making misleading or untrue statements as described in s. 122(1)(a).

[17] The appellants call in aid of their contention that s. 122(1)(a) confers exclusive jurisdiction two well-known principles of statutory interpretation. First is the principle that where a statute provides for a specific remedy, other remedies may be excluded by inference: *Canadian Pacific Air Lines Ltd. v. Canadian Air Lines Pilots Assn.*, [1993] 3 S.C.R. 724 at pp. 741-42. Second is the presumption that the legislature should not be taken to have limited the rights of the individual unless it does so expressly: *Morguard Properties Ltd. v. Winnipeg (City)*,[1983] 2 S.C.R. 493 at p. 509. If Wilder were charged with the offence created by s. 122(1)(a), he would enjoy significant advantages and procedural protections not available under the administrative procedure of s. 127. On the *quasi*-criminal charge before the Ontario Court of Justice, the OSC would be required to prove guilt under the strict rules of criminal evidence and on the criminal standard of beyond a reasonable doubt. Wilder could assert ss. 7 and 11 *Charter* rights and the statutory due diligence defence specified in s. 122(2).

[18] Despite the very forceful and able argument presented by Mr. Morphy, I cannot accept the contention that allegations of misrepresentation of the kind made against Wilder must be dealt with exclusively as a *quasi*-criminal offence under s. 122(1)(a). It seems to me that to accept the appellants' submission would be to adopt an excessively narrow and literal approach that would ignore fundamental aspects of the statutory scheme and that would frustrate rather than foster the attainment of the purposes and objects of the *Act*.

[19] Another well-known principle of statutory interpretation is that courts must consider the broader legislative purpose of an Act when giving meaning to its constituent provisions. The purposive approach to interpretation best ensures the attainment of the true object sought by the legislators: *Covert v. Nova Scotia (Minister of Finance)*, [1980] 2 S.C.R. 774 at p. 807; *Pointe-Claire (City) v. Quebec*, [1997] 1 S.C.R. 1015 at pp. 1063-64; R. Sullivan, ed., *Driedger of the Construction of Statutes*, 3d ed. (Toronto: Butterworths, 1994) at pp. 38-41, 131.

[20] With respect to the *Securities Act*, the legislature directed its mind to specifying the purposes of the *Act*. They are explicitly stated in s. 1.1:

> 1.1. The purposes of this Act are;
>
> (a) to provide protection to investors from unfair, improper or fraudulent practices; and
>
> (b) to foster fair and efficient capital markets and confidence in capital markets.

[21] As this statement of statutory purpose indicates, and as the Divisional Court and other decisions have confirmed, the *Act* confers an important public mandate on the OSC to regulate capital markets. At the very core of that supervisory role is the need to ensure that the public is given fair and accurate information regarding securities. In *Pacific Coast Coin Exchange of Canada v. Ontario (Securities Commission)*, [1978] 2 S.C.R. 112 at p. 126, de Grandpré J. described the policy of the *Securities Act* as being "the protection of the public" and adopted the following description of the basic aim or purpose of the *Act*: "...[T]he protection of the public through full, true and plain disclosure of all material facts relating to securities being issued." *Pezim v. British Columbia (Superintendent of Brokers)*, [1994], 2 S.C.R. 557 at pp. 592-93 and *Brosseau v. Alberta (Securities Commission)*, [1989], 1 S.C.R. 301 at p. 314 both adopt Fauteux J.'s statement of the role of securities commissions in *Gregory & Co. Inc. v. Quebec (Securities Commission)*, [1961] S.C.R. 584 at p. 588:

> The paramount object of the Act is to ensure that persons who, in the province, carry on the business of trading in securities or acting as investment counsel, shall be honest and of good repute and, in this way, to protect the public, in the province or elsewhere, from being defrauded as a result of certain activities initiated in the province by persons therein carrying on such a business.

[22] The OSC is charged with the statutory obligation to do its best to ensure that those involved in the securities industry provide fair and accurate information so that public confidence in the integrity of capital markets is maintained. It is difficult to imagine anything that could be more important to protecting the integrity of capital markets than ensuring that those involved in those markets, whether as direct participants or as advisers, provide full and accurate information to the OSC.

[23] The remedial and enforcement provisions of the *Act* must be read in light of the fundamental purpose and aim of the legislation. In the light of the overall purpose of the *Act*, I cannot accept the proposition that the wording of the provision creating the offences prescribed by s. 122 indicates a legislative intention to confer exclusive jurisdiction on the Ontario Court of Justice where it is alleged that a party has been guilty of misrepresentation. The legislature has quite clearly manifested its intention to provide the OSC with a range

of remedial options to assist the OSC in carrying out its statutory mandate. The *Act* provides the OSC with three different enforcement tools: prosecution before the Ontario Court of Justice pursuant to s. 122; administrative sanctions before the OSC itself pursuant to s. 127; and declaratory, injunctive, and other orders from the Superior Court of Justice pursuant to s. 128. These enforcement tools provide the OSC with a range of remedial options to be deployed in the OSC's discretion to meet the wide variety of problems and issues that it must confront. In some cases, the OSC may determine that *quasi*-criminal prosecution leading to fine or imprisonment is the most effective and appropriate means to ensure compliance with the *Act* and to ensure public confidence in the capital markets. In other cases, the OSC may prefer the more flexible and less drastic administrative sanctions available pursuant to s. 127 as the best way to achieve the objectives of the legislation. To the extent one can discern a legislative intention from this scheme, it seems to me that the overwhelming message is one of remedial variety and flexibility, rather than one that creates hived-off areas of remedial exclusivity. A court should be loath to prefer a rigidly narrow and literal interpretation over one that recognizes and reflects the purposes of the *Act*.

[24] It is true that if Wilder were prosecuted under s. 122, he would enjoy procedural protections and other advantages not available in proceedings brought under s. 127. I fail to see, however, how that leads to the conclusion that he can *only* be prosecuted under s. 122. Different procedural rights are accorded because different consequences follow. The *Act* provides for various remedial routes which themselves entail varying procedural consequences. The reduction in procedural rights under s. 127 from those available in a prosecution under s. 122 results from the simple fact that there is no criminal sanction attached to a s. 127 order. The essence of the statutory scheme is remedial flexibility, not remedial exclusivity, and differing procedural consequences are an inevitable result of such a scheme.

(ii) Is the reprimand power of s. 127(1) para. 6 limited to situations falling within s. 127(1) paras. 1-5?

[25] I am unable to accept the proposition advanced by the appellants that the reprimand power of s. 127(1) para. 6 is limited to situations falling within s 127(1) paras. 1-5. This argument seems to me to ignore the opening words of s. 127(1) which states that the OSC has the statutory power to make any one or more of the various orders specified in s. 127(1) where "in its opinion it is in the public interest" to do so. Contrary to the submission of the appellants, this power is not limited by the language of s. 127(1) paras. 1-5 which simply enumerates the orders that may be made. The power under s. 127(1) para. 6 is, of course, not unlimited. Statutory discretionary powers are constrained by the objects and purposes of the act that creates them: *Roncarelli v. Duplessis*, [1959] S.C.R. 121. Excessive exercise of statutory powers will be curtailed. At the same time, a legislative decision to confer broadly worded powers must be respected. There can be no doubt that the power conferred on the OSC to issue orders that are "in its opinion...in the public interest" is a broad and plenary power. In my view, reprimanding a person for making untrue or misleading statements to the OSC regarding a public offering falls squarely within the objects and purposes of the *Act*. The conduct is specifically proscribed by s. 122(1)(a). It threatens the integrity of the process before the OSC. Nothing could be more central to protecting "investors from unfair, improper or fraudulent practices" nor to fostering "fair and efficient capital markets and confidence in capital markets". It follows; in my view, that the OSC does have the power to reprimand a person for making untrue or misleading statements pursuant to s. 127(1) para. 6, even if the conduct is not subject to one of the other orders contemplated by s. 127(1) paras. 1-5.

(iii) Is a reprimand a punitive order outside the jurisdiction under s. 127(1)?

[26] The appellants also submit that there is no jurisdiction under s. 127(1) to make an order that is punitive in nature and that the threatened reprimand against Wilder would be a punitive measure that can only be imposed as a sanction upon conviction of an offence pursuant to s. 122. I do not agree that a reprimand is a punitive sanction beyond the powers conferred by s. 127(1). It is undoubtedly the case that if Wilder were reprimanded for failure to tell the truth or misrepresentation of the facts, the reprimand would amount to a sanction for wrongful behaviour. That, however, does not make it "punitive" and beyond the scope of the powers conferred by s. 127(1). In *Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)* (1999), 43 O.R. (3d) 257 at p. 272 (C.A.), leave to appeal to S.C.C. granted 27 January 2000 (S.C.C. Bulletin 2000 at p. 155), appeal heard and judgment reserved 15 December 2000 (S.C.C. Bulletin 2000 at p. 2368), this Court described the purpose of the OSC's public interest jurisdiction in the following way:

> The purpose of the [OSC]'s public interest jurisdiction is neither remedial nor punitive; it is protective and preventive, intended to be exercised to prevent likely future harm to Ontario's capital markets. The past conduct of offending market participants is relevant but only to assessing whether their future conduct is likely to harm the integrity of the capital markets.

[27] Taken to its logical conclusion, the appellants' argument would eliminate the reprimand power from the remedial arsenal of the OSC. I find it impossible to see how one could reach such a result through an exercise of statutory interpretation. The legislature has, after all, given the OSC the power to reprimand. Moreover, formal statements of reproof or disapproval of conduct in the form of reprimands are commonly used as administrative sanctions. In my view, reprimands qualify as preventative sanctions. They represent a formal statement that the conduct is unacceptable and will not be tolerated in the future. They are not imposed to punish or exact retribution and are therefore removed from the realm of pure penal sanction.

Issue 2: Does the OSC have jurisdiction to reprimand lawyers for their conduct as solicitors before the OSC?

[28] The appellants submit that that s. 127(1) should be interpreted so as not to apply to lawyers acting in their professional capacity and that the attempt by the OSC to assert of jurisdiction with respect to Wilder's conduct collides with the authority of The Law Society to discipline lawyers. The appellants further submit that the assertion of jurisdiction by the OSC infringes the constitutional principle of the rule of law.

[29] In my view, these arguments were fully and correctly dealt with in the reasons for judgment of Swinton J., writing for the Divisional Court. I cannot improve upon her analysis of these issues and for the reasons she gave, I would dismiss this aspect of the appeal.

[30] I would, however, add this caveat with respect to the importance of ensuring that solicitor-client privilege is maintained and protected.

[31] Solicitor-client privilege was described by Dickson J. in *Canada v. Solosky*,[1980] 1 S.C.R. 821 at p. 839 as a "fundamental civil and legal right and more recently by Major J. in *R. v. McClure*, [2001] S.C.J. No. 13 at para. 2 as "fundamental to the justice system in Canada." It is an important substantive right, long recognized as essential to ensuring that citizens have access to full and candid advice about their legal rights. The rationale for the privilege was explained in *Anderson v. Bank of British Columbia* (1876), 2 Ch.D. 644 at p. 649 per Jessel M.R in terms that have been quoted by the Supreme Court of Canada in *Smith v. Jones*, [1999] 1 S.C.R. 455 at p. 474 and *R. v. McClure*, *supra*, at para. 32:

> The object and meaning of the rule is this: that is, by reason of the complexity and difficulty of our law, litigation can only be properly conducted by professional men, it is absolutely necessary that a man, in order to prosecute his rights or to defend himself from an improper claim, should have recourse to the assistance of professional lawyers, and it being so absolutely necessary, it is equally necessary, to use a vulgar phrase, that he should be able to make a clean breast of it to the gentleman whom he consults with a view to the prosecution of his claim, or substantiating his defence against the claim of others; that he should be able to place unrestricted and unbounded confidence in the professional agent, and that the communications he so makes to him should be kept secret, unless with his consent (for it is his privilege, and not the privilege of the confidential agent), that he should be enabled properly to conduct his litigation. That is the meaning of the rule.

Members of the public engaged in activities in the capital markets and subject to the authority of the OSC need to be able "to place unrestricted and unbounded confidence" in their legal advisors.

[32] However, I do not accept the contention of the appellants and The Law Society that the need to respect solicitor-client privilege requires a blanket preclusion, preventing the OSC from reprimanding lawyers in all cases, provided the OSC pays adequate heed to the importance of solicitor-client privilege.

[33] Where a lawyer is threatened with a reprimand by the OSC, there are two important interests at stake. On the one hand, the lawyer is entitled to be dealt with fairly and to be permitted to answer the allegations that have been made. On the other hand, where the lawyer's answer involves revealing the confidence of the client, the client's interest in confidentiality is invoked. In this regard, the lawyer's promise of confidentiality is not absolute. It is recognized by The Law Society's *Rules of Professional Conduct*, Rule 2.03(4), there are situations in which a lawyer may be entitled to reveal the confidence of a client to defend against allegations of criminal misconduct, claims of civil liability or allegations that the lawyer is "guilty of malpractice or misconduct". It seems to me that a lawyer facing a reprimand for making an untrue or misleading statement is facing an allegation of "misconduct". The Law Society's *Rules of Professional Conduct* define the terms upon which a lawyer's promise of confidentiality is made. They contain a general provision allowing for disclosure of confidential information where necessary to defend the lawyer's legal interests, and there is no reason that provision should not apply to an allegation of misconduct by the OSC.

[34] However, this exemption for the lawyer does not, in my view, allow the OSC to ignore the importance of solicitor-client privilege in the exercise of its enforcement powers. The OSC, like any other public body exercising statutory authority, must ensure on a case-by-case basis that the substantive legal right to solicitor-client privilege is respected. In my view, the OSC must exercise particular caution where it decides to proceed against both the lawyer and the lawyer's client. Such a situation creates an inherent danger that the lawyer will have to reveal the client's confidence in order to mount a full defence. The OSC should avoid creating a dynamic where the lawyer is placed in the dilemma of either forgoing the right to defend his or her own interests or harming the interests of the client by disclosing privileged information. In such a case, it may well be that the OSC will have to decide to forgo proceeding against the lawyer or, at a minimum, ensure that adequate steps are taken to ensure that the proceedings are conducted in a fashion that fully respects the procedural rights of the lawyer and the substantive legal rights of the client. Failure to do so could well result in a situation where it would not be in the public interest to continue the proceedings against both the lawyer and the client.

[35] I hasten to add that as the application for judicial review amounted to a pre-emptive strike against the OSC's intended hearing, there is nothing in the record as it now stands to indicate either that Wilder will argue the need to reveal privileged information in his own defence or, if that be the case, how the OSC will protect the client's interest.

CONCLUSION

[36] For these reasons, I would dismiss the appeal with costs.

"Robert J. Sharpe J.A."

"I agree R.S. Abella J.A."

"I agree S.T. Goudge J.A."

RELEASED: March 22, 2001

3.1.2 YBM Magnex International Inc. (Daniel Gatti)

ONTARIO SECURITIES COMMISSION
IN THE MATTER OF THE SECURITIES ACT, R.S.O. 1990, c.S.5, as amended

AND

YBM MAGNEX INTERNATIONAL INC.
HARRY W. ANTES
JACOB G. BOGATIN
KENNETH E. DAVIES
IGOR FISHERMAN
DANIEL E. GATTI
FRANK S. GREENWALD
R. OWEN MITCHELL
DAVID R. PETERSON
MICHAEL D. SCHMIDT
LAWRENCE D. WILDER
GRIFFITHS MCBURNEY & PARTNERS
NATIONAL BANK FINANCIAL CORP.
(formerly known as First Marathon Securities Limited)

REASONS FOR DECISION OF THE
ONTARIO SECURITIES COMMISSION

MOTION DATE:	February 22, 2001		
BEFORE:	Howard I. Wetston, Q.C.	-	Vice-Chair, Ontario Securities Commission
	Mary Theresa McLeod	-	Commissioner
	Robert W. Davis, FCA	-	Commissioner
COUNSEL:	Michael Code	-	For the Staff of the Ontario Securities Commission
	Kathryn Daniels	-	For the Staff of the Ontario Securities Commission
	Brian P. Bellmore	-	For the Applicant, Daniel E. Gatti
	Paul H. LeVay	-	For the Applicants, Harry Antes and Frank Greenwald

I. NATURE OF THE MOTION

These reasons are in support of an Order issued by the Ontario Securities Commission (the "Commission") on March 8, 2001 dismissing the Motion for relief filed by the Applicant, Daniel E. Gatti ("Gatti" or the "Applicant").

On January 31, 2001, Gatti filed a Notice of Motion with the Commission requesting an order permanently staying the proceeding commenced by Notice of Hearing on November 1, 1999 as against Gatti. The Motion was joined by the Respondents Harry W. Antes ("Antes") and Frank S. Greenwald ("Greenwald"), and supported by the Respondents National Bank Financial Corp. ("National Bank") and Griffiths McBurney & Partners ("GMP").

The Applicant's motion raises the following principal issues for consideration:

i. Did Staff's investigation exceed the scope of the December 5, 1997 section 11 investigation order;

ii. Did the February 18, 2000 section 11 investigation order cause an unfairness to the Applicant because it was issued *ex parte* or on the basis of insufficient material; and

iii. Is the issuance of the Notice of Hearing a quasi-judicial decision requiring an independent review by the Commission or a Commissioner who would then be precluded from hearing the matter on its merits.

II. FACTS

1. YBM Magnex International Inc. ("YBM") was incorporated in Alberta as Pratecs Technologies Inc. on March 16, 1994. On October 5, 1995 the company changed its name to YBM Magnex International Inc. YBM became a reporting issuer in Ontario on January 22, 1996. YBM shares were listed and posted for trading on the Toronto Stock Exchange on March 7, 1996. On May 13, 1998 the Commission issued a temporary cease trade order in respect of YBM shares, which order remains in effect.

2. Gatti was the Vice President of Finance and Chief Financial Officer of YBM. He was appointed an officer on January 26, 1996.

3. Antes was Chairman of the Board of YBM and a member of the YBM Audit Committee. He was appointed a director on April 29, 1996.

4. Greenwald was a member of the YBM Audit Committee. He was appointed a director on April 29, 1996.

5. National Bank, formerly known as First Marathon Securities Limited, was, and continues to be, registered as a Broker and Investment Dealer under the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").

6. GMP was, and continues to be, registered under the Act as a Broker and Investment Dealer.

7. On December 4, 1997, Gregory J. Ljubic, a member of staff of the Commission ("Staff"), forwarded a memorandum to the Commission seeking a section 11 investigation order into the affairs of YBM. The memo traced the six-month history of Staff's enquiries concerning YBM and referred to a number of developments that had caused Staff to have, among other things, "concerns about the integrity of YBM's reported sales of magnets and oil in fiscal 1996."

8. On December 5, 1997, the Commission issued an order (the "1997 Order" or the "Order") under section 11 of the Act, authorizing Staff to investigate certain matters concerning YBM.

9. Pursuant to the 1997 Order, Staff issued section 13 summonses, examined witnesses and made requests for the production of documents.

10. YBM, Owen Mitchell, David Peterson, and GMP were the only Respondents subject to a section 13 summons. Gatti, Antes, and Greenwald were never subject to requests under the 1997 Order.

11. On September 29, 1998, the Alberta Court of Queen's Bench issued an order removing most of the YBM board of directors and placed the board essentially under the control of representatives of the institutional investors. At that time, the new solicitors for YBM invited the issuance of a fresh summons pursuant to section 13. That summons was issued on November 5, 1998. YBM produced certain documents in response to this summons.

12. On December 8, 1998, the new YBM board of directors executed waivers of solicitor-client privilege in favour of the Commission. On the same date, the board also passed a resolution ordering copies of documents located in the United States to be provided to the Commission.

13. By letter dated August 6, 1999, Staff advised Gatti that it had serious concerns about his involvement in a possible breach of securities law and asked for a response to specific questions related to allegations of non-disclosure. By letter dated September 2, 1999, Gatti provided Staff with a detailed response.

14. By letter dated October 12, 1999, Staff replied to Gatti of its intention to commence proceedings against him. The letter invited Gatti to meet with Staff on a "with prejudice" basis to provide information. By letter dated October 21, 1999, Gatti provided additional information.

15. On November 1, 1999 the Secretary to the Commission issued a Notice of Hearing indicating that a hearing would commence on, or soon after, November 29, 1999 to consider, *inter alia*, whether in the opinion of the Commission it is in the public interest to make an order pursuant to subsection 127(1) clauses 1 and 4 of the Act respecting the Respondents of the above-styled matter.

16. Gatti, Antes, Greenwald, National Bank, and GMP are all Respondents to the Notice of Hearing.

17. Staff continued their investigation pursuant to the 1997 Order after the Notice of Hearing was issued.

18. Without notice to any of the Respondents, Staff obtained a second section 11 investigation order dated February 18, 2000 (the "2000 Order") in respect of the matter. Staff requested the 2000 Order for two reasons: firstly, to broaden the terms of the 1997 Order; and, secondly, to grant two additional Staff members the authority to carry out the section 11 investigation.

19. Pursuant to the 2000 Order, Staff continued its investigation and conducted several more examinations of which the Applicant did not receive notice.

III. ANALYSIS

Preliminary Objections

Staff raises two preliminary objections to the Applicant's contention that Staff's investigation exceeded the scope of the 1997 Order.

Staff submits that the Applicant's claim for a stay of proceedings should only be considered if the Applicant's personal rights have been substantially interfered with. The only parties subject to a section 13 summons were YBM, Owen Mitchell, David Peterson, and GMP. Gatti, Antes, and Greenwald reside in the United States and have never been

compelled to produce evidence under a section 13 summons. As a result, Staff submits that Gatti, Antes, and Greenwald are unable to demonstrate that they were personally treated in an unfair manner as a result of the 1997 Order and, therefore, no investigative unfairness has been established.

Secondly, Staff contends that the motion is premised upon the unproved assumption that Staff's case depends substantially or significantly on the fruits of the section 11 compulsion as opposed to evidence not obtained by way of the 1997 Order. The Applicant appears to assume that virtually all of Staff's relevant evidence was obtained through section 11 compulsion, but never itemizes or summarizes the evidence actually obtained through these processes.

Staff challenges this assumption and submits that the most important evidence, for purposes of the section 127 hearing, was obtained through non-compelled enquiries not related to the 1997 Order. Staff submits that the Notice of Hearing and Statement of Allegations focus on three main allegations: non-disclosure of the activities of YBM's Special Independent Committee in 1996-97; non-disclosure of the suspension of the Deloitte & Touche audit in April 1998; and YBM counsel's statements in a July 4, 1997 letter to Staff during the prospectus review process. Staff submits that extensive evidence relating to these allegations was located in the United States and was protected by confidentiality or solicitor-client privilege. Therefore, it was beyond the reach of the 1997 Order. Furthermore, key evidence was obtained through non-compelled enquiries in the course of the prospectus review process.

Consequently, Staff challenges the basis of the Applicant's proposed entitlement to the requested relief. Staff characterizes the Applicant's argument as legally irrelevant to the remedy being sought and submits that it should be dismissed.

We have considered the submissions of both Staff and the Applicant on this point. While we are of the opinion that there may be some merit to the submissions of Staff, we are not inclined to decide the first issue on the basis of these preliminary objections. We are of the view that, given the extraordinary regulatory nature of the section 11 investigation order and the fact that this is a regulatory proceeding, a review of the scope of the 1997 Order would be in the public interest.

(i) Scope of the Order

An assessment of the scope of the 1997 Order begins with a plain reading of the document. The 1997 Order authorizes certain members of Staff to investigate the business of YBM relating to the following matters:

> 1. YBM Magnex International Inc. ("YBM") is a reporting issuer in Ontario whose shares are listed and posted for trading on The Toronto Stock Exchange.
>
> 2. In the context of a prospectus review process with staff of the Commission earlier this year, YBM engaged the services of a new third party auditor to review its financial statements for the fiscal year ended December 31, 1996 and in connection therewith, restated its financial statements. The restated financial statements contained a number of significant changes from the earlier disclosure made by YBM both in its public filings and in its representations to staff of Market Operations Branch during the prospectus review process.
>
> 3. Staff of the Enforcement Branch requested an explanation from YBM for the inconsistencies in YBM's disclosure to the public and to staff of Market Operations Branch. YBM's explanation fails to adequately explain the inconsistencies. ***These inconsistencies relate to YBM's 1996 reported sales of magnets and oil.***
>
> 4. Staff requests for the voluntary production of documents in support of YBM's 1996 reported sales of magnets and oil have not been satisfied. As a result, staff is desirous of obtaining additional information in respect of those sales ***and other aspects of YBM's business, affairs and operations***.
>
> ***
>
> **IT IS HEREBY ORDERED** pursuant to section 11 of the Act that each of Gregory Ljubic, Alan Stewart and Jay Naster is appointed to investigate and inquire into:
>
> a) the affairs of YBM Magnex International Inc. ("YBM") including any trades, communications, negotiations, transactions, investigations, loans, borrowings or payments to, by, or on behalf of, or in relation to or connected with YBM, and any property, assets or things owned, acquired or alienated in whole or in part of YBM or by any other person or company acting on behalf of or as agent for YBM relating to the matters described in paragraphs 1 through 4 above; and
>
> b) the assets at any time held, the liabilities, debts, undertakings and obligations at any time existing, the financial or other conditions at any time prevailing in or in relation to or in connection with YBM, and any relationship that may at any time exist or have existed between YBM and any other person or company by reason of investments, commissions promised, secured or paid, interests held or acquired, relating to the matters described in paragraphs 1 through 4 above.
>
> [Emphasis Added]

The Applicant argues that the 1997 Order, and Staff's submissions in support of it, permits only an investigation of the inconsistencies in YBM's 1996 reported sales of magnets and oil and does not permit an investigation of all of the matters referred to in the Notice of Hearing. As a result, the Applicant submits, the summonses issued under the authority of the 1997 Order were beyond its scope.

Staff makes three arguments in response, two in fact and one in law. First, Staff contends that the Applicant's construction of the 1997 Order is too narrow. In Staff's view, the 1997 Order expressly authorizes an investigation into four

separate matters, each outlined above, only one of which relates to YBM's reported sales of magnets and oil. Staff also contends that the 1997 Order contains a basket clause authorizing Staff to obtain information in respect of YBM's sales as well as "other aspects of YBM's business, affairs and operations." Staff submits that the 1997 Order allows Staff to investigate the background of YBM's public disclosures.

Secondly, Staff submits that even if the 1997 Order is construed narrowly and restrictively by limiting the matter to its third recital, then the subsequent investigations are all within the scope of the 1997 Order because they are relevant to explaining the inconsistencies in the 1996 sales of magnets and oil.

Alternatively, Staff submits that if there is some basis for the Applicant's argument that an overly broad investigation was conducted by Staff that exceeded the scope of the 1997 Order, there would, nevertheless, be no violation of the common law rules of procedural fairness. Relying on the Supreme Court of Canada's decision in *Re Irvine et al.* v. *Restrictive Trade Practices Commission et al.* (1987), 34 C.C.C. (3d) 481 (S.C.C.), Staff argues that the Applicant would not be entitled to procedural fairness in the investigative fact-gathering stage before he was identified as a person against whom proceedings would likely be commenced. Staff also contends that, because the Applicant was not compelled by a section 13 summons under the 1997 Order, he could not rely on the procedural fairness requirement identified in the Court's later decision of *British Columbia Securities Commission* v. *Branch* (1995), 123 D.L.R. (4th) 462 (S.C.C.). Staff concedes that the Applicant was owed a degree of fairness once he was identified as a person against whom proceedings would likely be commenced; however, Staff maintains that the duty of fairness at this stage was discharged by the notice and opportunity to respond provided to the Applicant between August and October 1999.

Upon reviewing the language of the 1997 Order, and its supporting documents, we are of the opinion that it clearly authorized Staff to investigate into the inconsistencies in YBM's magnet and oil sales in the context of a prospectus review. It must be recognized that the section 11 investigation order is issued under the *Securities Act*, which is regulatory in nature: *Branch*, *supra*, at 477. Moreover, the predominant purpose of the section 11 investigation order is to serve a legitimate public interest: to investigate violations of the Act, which is essentially a scheme of economic regulation to discourage detrimental forms of commercial behaviour: *Branch*, *supra*, at 478 and 487. Furthermore, the 1997 Order was issued at a very early stage in the investigation. In our opinion, Staff was authorized to look for the root cause of the inconsistencies and not merely at the sales of magnets and oil for the year 1996 as the Applicant contends. Indeed, the Applicant would have us treat the 1997 Order as if this were a criminal proceeding, which might require a narrower reading and construction of the 1997 Order. That is not its purpose, particularly where the Commission is not bound by the same restrictions as a criminal court and has the obligation to act in the public interest. To apply such a strict reading would limit the effectiveness of the investigation and severely reduce the Commission's ability to exercise its public interest mandate in accordance with the Act.

In these circumstances, therefore, we cannot accept the Applicant's argument. We find that the scope of the 1997 Order is sufficient to support Staff's investigations made under it. We acknowledge that Staff's third argument has some merit; however, in light of our view regarding the sufficiency of the 1997 Order, it is unnecessary to decide this point.

(ii) The February 2000 Order

The Applicant attacks the February 2000 section 11 Order on two grounds: first, that it should not have been issued *ex parte* and without notice to the Respondents; and, second, that the 2000 Order was issued without a sufficient basis.

Staff submits that the first branch of this argument was recently considered by the Commission in *YBM et al.* (2001), 24 O.S.C.B. 1061. The Applicant joined and supported that motion. We see no reason to depart from that decision. In essence, we concluded that that section 11 investigative powers must be exercised *ex parte* in order to be effective.

As to the second branch of the argument, the Applicant claims that the memo supporting the request, dated February 17, 2000, was an insufficient basis upon which to issue the 2000 Order. This argument, however, assumes that this memo was the only basis upon which the 2000 Order was granted. Attached to the memo was the 1997 Order, and referred to in the memo were the Notice of Hearing and the Statement of Allegations. In addition, appended to the memo was a draft order setting out substantial portions from the Statement of Allegations. These documents, viewed as a whole, provide a sufficient basis upon which to authorize the 2000 Order.

Moreover, section 11 of the Act does not specify any particular level of disclosure that must be met before an order can issue. The standard to be met is expediency for the administration of Ontario securities law. In our opinion, the materials supporting the issuance of the 2000 Order were sufficient to meet the threshold of expediency.

(iii) Screening of the results of investigations before issuing the Notice of Hearing

The Ontario Securities Commission performs a number of different roles. One of these is the enforcement of the Act, which necessarily involves investigative, prosecutorial, and adjudicative functions. These functions are contemplated by the statute and, as such, have been found to not violate fairness principles: *Brosseau* v. *Alberta Securities Commission* (1989), 57 D.L.R. (4th) 458 (S.C.C.); *Re W.D. Latimer Company Limited et al.* v. *Bray et al.* (1974), 52 D.L.R. (3d) 61 (O.C.A.) ("*Latimer and Bray*").

Against this background, the Applicant argues that fairness in the circumstances would be achieved by an independent and objective review of the evidence by the Commission or a Commissioner prior to issuing a Notice of Hearing. The purpose of the screening would be to review the results of the Staff investigation and determine whether Staff had made out a *prima facie* case sufficient to initiate proceedings against him.

In support of this argument, the Applicant relies on the Commission's decision in *Re Malartic Hygrade Gold Mines*

(Canada) Ltd. (1985), 8 O.S.C.B. 1557, which describes the Commission's procedure, at the time, in screening Staff's recommendations prior to issuing a Notice of Hearing:

> An investigation may lead to a recommendation by the staff for proceedings under the Act. Such proceedings are initiated only upon the authorization by a quorum of the Commission (that is to say, at least two Commissioners) or by a single Commissioner acting under a delegation pursuant to section 3(2) of the Act. A proceeding before the tribunal is not begun unless a *prima facie* case has been made out by the staff. The Commissioner or Commissioners before whom that case is made take no part in subsequent proceedings.

The *Securities Act* was amended in 1994. The Applicant contends that a plain reading of the 1994 amendments reveals that they did nothing more than change the requirement for a mandatory report at the end of a formal investigation to a report that may be requested on a discretionary basis. In the Applicant's view, this did not expressly or impliedly annul the quasi-judicial pre-charge approval procedures described in *Malartic*.

The Applicant also contends that the common law also requires this objective pre-notice of hearing review. Professional discipline cases were largely used to support this contention: *French et al.* v. *Law Society of Upper Canada* (1975), 9 O.R. (2d) 473 (C.A.); *Baker* v. *Discipline Committee of the Law Society of Upper Canada* (1999), 42 O.R. (3d) 413 (Div. Ct.); *Edwards* v. *Law Society of Upper Canada et al.* (2000), 48 O.R. (2d) 330 (C.A.); *Kain* v. *Board of Governors of the University of British Columbia* (1980), 31 N.R. 214 (F.C.C.); *Brett* v. *Board of Directors of Physiotherapy* (1992), 9 O.R. (3d) 613 (Div. Ct.); *Re Howe and The Professional Conduct and Disciplinary Committee of the Institute of Chartered Accountants of Ontario* (1994), 19 O.R. (3d) 483 (C.A.).

Staff argues that neither the Act nor the common law mandates a screening by the Commission or a Commissioner prior to initiation of proceedings. Staff submits that since *Latimer and Bray* and *Malartic*, the Act has been amended so that the common law tri-partite model calling for a separation of functions as between the investigative/prosecutorial and adjudicative functions is now complete. As such, fairness is best achieved where the Commission or a Commissioner has no involvement in the decision to issue the Notice of Hearing. Moreover, Staff submits that the professional discipline cases upon which the Applicant relies are distinguishable. They were decided under different statutes and regulations which impose either mandatory reporting requirements or some form of pre-notice of hearing screening prior to initiating proceedings. It is also argued that fairness toward the Applicant was achieved by Staff advising persons who are under investigation and likely to be named in the proceeding in writing of the general nature of the investigation, including the alleged violations, along with the opportunity to meet with Staff, albeit on a "with prejudice" basis.

(a) The Statute

In determining the requirements set forth in the statute, we are once again guided in our approach to the interpretation of the Act by the decision in *Re Rizzo & Rizzo Shoes Ltd.*, [1998] 154 D.L.R. (4th) 193 at 204 (S.C.C.), where Mr. Justice Iacobucci stated that:

> Elmer Driedger in *Construction of Statutes (2nd ed. 1983)* best encapsulates the approach upon which I prefer to rely. He recognizes that statutory interpretation cannot be founded on the wording of the legislation alone. At p. 87 he states:
>
> > Today there is only one principle or approach, namely, the words of an Act are to be read in their entire context and in their grammatic and ordinary sense harmoniously with the scheme of the Act, the object of the Act, and the intention of Parliament.

It is clear that *Latimer and Bray* and *Malartic* were decided under a different statutory regime. A plain reading of the present Act reveals no express requirement for the Commission or a Commissioner to review the results of an investigation and decide whether a *prima facie* case has been made before a Notice of Hearing is issued. Moreover, the Act does not require investigators to report their findings to the Commission unless requested by the Chair or by a Commissioner. Pursuant to section 15 of the Act, an investigator may be asked for a report by the Chair or by the member of the Commission who appointed the investigator. In this sense, there is a discretionary reporting obligation.

If the Legislature intended to mandate the pre-hearing screening process described in *Malartic*, it clearly could have done so in the 16 years since that decision. The fact that the Act was amended in 1994 to make the reporting obligations under section 15 discretionary rather than mandatory persuades us even more in this interpretation. Moreover, section 3.5 (4) mandates that a member who performs a duty under Part VI of the Act, except section 17, is not able to sit on the hearing of the matter without the consent of the parties.

We agree with Staff's submissions that the professional discipline cases referred to us by the Applicant are distinguishable and, therefore, not persuasive. They involve different statutes and regulations, and a combination of either mandatory screening or mandatory reporting by investigators.

We are of the opinion that the Act contemplates what has been described in this motion as the common law approach, which separates as completely as possible the investigative/prosecutorial function from the adjudicative function. This is particularly important in enforcement matters, which have serious consequences to the respondents and therefore demand a high degree of adjudicative independence and neutrality. Furthermore, there are good policy reasons to separate the adjudicative function from the other two responsibilities. Public confidence in the independence of the Commission is enhanced, not only by maintaining impartiality, but also the appearance thereof. As such, we are satisfied that the involvement of Commissioners in a screening function prior to the Notice of Hearing being issued may undermine that public confidence.

However, we are also of the opinion that there may be circumstances in which the Chairman, as the Chief Executive Officer of the OSC, under section 3(7) of the *Act*, might become involved in deciding whether proceedings should be

instituted as he is ultimately responsible for the overall resources and work of the Commission including that of the Enforcement Branch.

Accordingly, we find that there is no longer a mandatory duty to report the results of an investigation to the Commission or a Commissioner, nor is there a mandatory screening function as a condition precedent to the issuance of the Notice of Hearing.

(b) Fairness Prior to Issuing the Notice of Hearing

In the three-month period prior to issuing the Notice of Hearing, from August to October 1999, Staff advised the Applicant in considerable detail of its concerns regarding his involvement in this matter (in the motion, Staff referred to this as the "Wells Process"). The Applicant responded and offered to provide any further information or documents that Staff would require. In a second letter to the Applicant, Staff set out its allegations and invited the Applicant and his counsel to attend a "with prejudice" meeting to discuss Staff's concerns. Applicant's counsel responded in writing, but did not take up the suggestion to meet with Staff. The Notice of Hearing was issued less than two weeks later on November 1, 1999.

The Applicant contends that this process was unfair. He submits that Staff's letters indicate that they had predetermined the matter and had neglected to make any reasonable follow-up enquiries regarding the exculpatory information provided to them by the his solicitors.

While the Applicant is entitled to procedural fairness at this stage of the investigation, he is not necessarily entitled to the most favourable procedures that could possibly be imagined: *Branch, supra.* We have stated in the past that the requirements of natural justice and the common law duty of procedural fairness are flexible concepts that depend on a number of factors including the circumstances of the case, the nature of the investigation, the subject matter, and the statutory provisions under which the Commission is acting: *A.G. of Canada* v. *Inuit Tapiristat of Canada*, [1980] 2 S.C.R. 735.

It would appear that the investigation was approaching its late phase. The allegations were clearly serious. There were many potential respondents. Staff had advised the Applicant of the concerns and allegations against him. Staff gave the Applicant the opportunity to make written submissions and meet with Staff with the participation of his counsel.

While the process may not have been perfect, it was not, in our opinion, an empty exercise. It afforded the Applicant a real opportunity to present his case and have Staff consider it before issuing a Notice of Hearing naming the Applicant. We are of the opinion that this process discharged the duty of procedural fairness owed to the Applicant at this stage of the proceeding.

IV. CONCLUSION

For the above reasons the motion was dismissed by order dated March 8, 2001.

March 27, 2001.

"Howard I. Wetston" "M. Theresa McLeod"

"Robert W. Davis"

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
Caspian Oil Tools Ltd.	14 Mar 01	-	26 Mar 01	-
Netforfun.com Inc.	12 Mar 01	-	23 Mar 01	-
SKG Interactive Inc.	14 Mar 01	-	26 Mar 01	-
Talisman Mines Limited	22 Mar 01	04 Apr 01	-	-

This Page Intentionally left blank

Chapter 5

Rules and Policies

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

This Page Intentionally left blank

Chapter 6

Request for Comments

6.1 Request for Comments

6.1.1 Schedule 1 (Fees) to the Regulation to the Securities Act (Ontario)

NOTICE AND REQUEST FOR COMMENTS 11-901

Concept Proposal to Revise Schedule 1 (Fees) to the Regulation to the *Securities Act* (Ontario)

Overview

The Ontario Securities Commission (the "OSC") is publishing for comment a concept proposal (the "Concept Proposal") relating to a proposal to amend Schedule 1 (Fees) to the Regulation to the *Securities Act* (Ontario). Comments are invited on all aspects of the Concept Proposal including comments relating to whether the participation fee/activity fee model is appropriate.

The concept proposal may also be found on the OSC's website (osc.gov.on.ca), within the "Concept Proposals" section, which is located under "Notices" in the "Rules and Regulations" section.

Background

The OSC is proposing to substantially amend its fee schedule in order to accomplish three primary purposes - to reduce the overall fees charged to market players, to simplify, clarify and streamline the current fee schedule and to more accurately reflect the OSC's cost of providing services. This project was originally outlined in the Commission's Statement of Priorities published in June, 2000.

The OSC proposes to base the new fee schedule on a new model - a model based on the concept of "participation fees" and "activity fees".

Participation fees generally are intended to represent the benefit derived by market players from participating in Ontario's capital markets. All market players, including reporting issuers, registrants and mutual fund managers, will be required to pay participation fees annually. The participation fee will be based on a measure of the market player's size which is intended to serve as a proxy for the market player's use of the capital markets. Participation fees will be based on the cost of a broad range of regulatory services which cannot be practically or easily be attributed to individual activities or entities. For reporting issuers, the participation fee will replace most of the continuous disclosure filing fees and for registrants the participation fee will replace many of the smaller activity fees charged to registrants relating to changes in their registration or to their mutual fund prospectuses during a year and certain capital related fees.

Activity fees are intended to represent the direct cost of OSC staff ("Staff") resources expended in undertaking certain activities requested of Staff by market players (for example, reviewing prospectuses and applications for discretionary relief or processing registration documents). Market players will be charged activity fees only for activities undertaken by Staff at the request of the market player. Activity fees will be charged for a limited number of activities only and will be flat rate fees based on the average cost to the OSC of providing the service.

A list of the currently proposed participation fees and activity fees is included in Appendix A to the Concept Proposal. However, readers of the Concept Proposal should note that the fees set out in the Concept Proposal are based on Staff's current analysis and that each of the fees may change, perhaps substantially, before the OSC's fee schedule is finalized.

Economic Analysis

The proposed model has been reviewed and analysed by the OSC's chief economist. The chief economist has also reviewed the proposed activity fees and participation fees and has performed stress testing on the proposed model to minimize the impact of variable market conditions on the OSC revenue base.

Future Fee Adjustments

The Concept Proposal attempts to match the OSC's revenues to costs based on current predictions of future costs of providing services. Once the Concept Proposal is implemented, there may be specific years where either surplus funds are generated or deficits encountered. In an attempt to rectify these occurrences, the OSC is currently proposing the fee schedule be re-evaluated every three years. If a cumulative surplus or deficit occurs, the fee schedule will be adjusted accordingly at the end of the three year period. For example, if a net surplus of funds occurs over a period of three years it is anticipated that the fees charged to market players will be reduced correspondingly for the next three year period.

Industry Consultations

The OSC sought input from market players from three different focus groups. The focus groups consisted of reporting issuers, dealers (including the Investment Dealers Association), advisers and mutual fund managers (including The Investment Funds Institute of Canada). The participants in these focus groups provided valuable insight and comments which resulted in some modifications to the Concept Proposal. The OSC is grateful to those market players for their assistance.

Fee Estimator

To assist market players in determining the effect of the changes in fees contemplated by the Concept Proposal, the OSC has added a fee estimator (the "Fee Estimator") to its website (osc.gov.on.ca). The Fee Estimator can be found under the "Market Participants" section of the website. The Fee Estimator enables a market player (such as a reporting issuer or a registrant) to determine what its annual fees would have been for prior years if the fees set out in the Concept Proposal had been in effect in such years. To use the Fee Estimator, a reporting issuer market player will need to calculate its market capitalization and a registrant market player will need to know the amount of its annual gross revenues in Ontario. The market player should also have a list of all documents filed by or on behalf of the market player during the applicable year. Also, since the proposed activity fees for filing a prospectus are dependent on the amount of the gross proceeds resulting from the prospectus, the market player should ensure that that information is readily available as well.

Comments

Interested parties are invited to make written submissions with respect to the Concept Proposal. Submissions received by May 31, 2001 will be considered.

Submissions should be sent in duplicate to:

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario M4H 3S8
e-mail: jstevenson@osc.gov.on.ca

A diskette (or an e-mail attachment) containing submissions (in DOS or Windows format, preferably WordPerfect) should also be submitted.

Comment letters submitted in response to requests for comments are placed on the public file and form part of the public record, unless confidentiality is requested. Although comment letters requesting confidentiality will not be placed on the public file, freedom of information legislation may require the OSC to make comment letters available. Persons submitting comment letters should therefore be aware that the press and members of the public may be able to obtain access to comment letters.

Questions may be referred to either of:

Bill Gazzard
Director
Capital Markets
(416) 593-8909

Marrianne Bridge, CA
Senior Accountant
Advisory Services, Corporate Finance
(416) 595-8907

March 30, 2001

Ontario Securities Commission

Ontario

11-901 Concept Proposal to Revise Schedule 1 (Fees) to the Regulation to the *Securities Act* (Ontario)

March 30, 2001

Table of Contents

Overview

The Ontario Securities Commission (the "OSC") is proposing to substantially amend its fee schedule in order to accomplish three primary purposes - to reduce the overall fees charged to market players (and thus to reduce revenues received by the OSC), to simplify, clarify and streamline the current fee schedule and to more accurately reflect the OSC's current estimates of future costs of providing services.

The OSC proposes to base the new fee schedule on a new model - a model based on the concept of "participation fees" and "activity fees". Participation fees are intended to represent the benefit derived by market players from participating in Ontario's capital markets. Activity fees are intended to represent the direct cost of OSC Staff ("Staff") resources expended in undertaking certain activities requested of Staff by market players (for example, reviewing prospectuses and applications for discretionary relief or processing registration documents). A summary of the currently proposed fees is in Appendix A. The proposed activity fees and participation fees set out in this concept proposal are based on the OSC's current estimates of future costs. These fees may change, perhaps substantially, prior to the implementation by the OSC of its revised fee schedule.

All market players, including reporting issuers and registrants, will be required to pay participation fees annually. The participation fee will be based on a measure of the market player's size so as to measure the market player's use of the capital markets. For reporting issuers, the participation fee will replace most continuous disclosure filing fees and for registrants the participation fee will replace many of the smaller activity fees charged to registrants relating to changes to their registration or to their mutual fund prospectuses during a year. Participation fees will be based on the cost of a broad range of regulatory services which cannot be practically or easily attributed to individual activities or entities.

Market players will be charged activity fees only for activities undertaken by Staff at the request of the market player. Activity fees will be charged for a limited number of activities only and will be flat rate fees based on the average cost to the OSC of providing the service.

The new fee schedule will more accurately reflect the OSC's future costs of providing services and will result in increased equity amongst the various market players paying fees to the OSC. One result of the new fee model is that some market players will pay higher fees than they pay currently and other market players will pay lower fees than they currently pay. Generally speaking, market players regulated by the Capital Markets Branch of the OSC as a group will pay lower fees than they did prior to the 20% reduction and reporting issuer market players regulated by the Corporate Finance Branch of the OSC as a group will pay slightly higher fees under the new fee model. Market players who are managers of mutual funds will enjoy the largest decrease in fees when compared to the amount of annual fees currently paid by mutual funds during their prospectus renewals. For reporting issuer market players, issuers that access the public markets on a regular basis by prospectus will generally pay lower fees under the new fee schedule. Issuers that rarely access the public markets by prospectus will generally pay higher fees under the new fee schedule.

The new fee schedule will also have provisions which permit a Director or the Executive Director of the OSC to reduce or refund the participation fee payable by a market player on application to the OSC. It is not proposed that the new fee schedule permit activity fees to be reduced or refunded. In addition, any Director or the Executive Director will have the ability to impose additional activity fees or increase any activity fee in applicable circumstances.

The OSC is taking the lead in discussions with the Canadian Securities Administrators (the "CSA") with respect to revisions to the fee schedule in each of the CSA jurisdictions. The OSC understands that members of the CSA concur conceptually with the general thrust of Ontario's new fee model. The OSC is hopeful that its new fee model will form the basis for revisions to the fee schedules of other members of the CSA. Members of the CSA have advised that they will be watching the progress of the implementation of Ontario's new fee schedule closely to determine whether they wish to revise their own fee schedules in a similar manner.

Guiding Principles for the New Fee Schedule

The participation fee/activity fee model for the OSC's new fee schedule is based on the following guiding principles:

- the new fee schedule will be simpler, clearer and more streamlined than the present fee schedule
- the ability of various market players to pay fees to the OSC will be taken into account, to the extent possible
- major activity fees will be based on the direct cost of Staff work on the activity
- participation fees will be based on the benefit derived by market players from participating in Ontario's capital markets and are intended to represent the cost of a broad range of regulatory services which cannot be practically or easily attributed to individual activities or entities
- the model will encourage market players to pay the required fees on a timely basis
- the model will reduce the vulnerability of OSC revenues to fluctuations in general market activity

Why the OSC is Changing its Fee Schedule

The current fee schedule has been in place since 1990. It includes approximately 60 provisions (many with numerous sub-provisions) relating to the calculation of various fees to various market players. It is a complex fee schedule which is both difficult to interpret and difficult to regulate.

As well, as part of the OSC becoming a self-funding corporation in the fall of 1997, the OSC committed to the Government of Ontario that it would reduce its fees so that fees collected by the OSC would more closely match expenditures incurred by the OSC. As a first step in this process, the OSC eliminated the secondary market fee. As the second step in this process, the OSC implemented a 10

percent across-the-board reduction in its current fees effective August 4, 1999. As the third step in this process, the OSC implemented a 10 percent across-the-board reduction in its current fees effective June 26, 2000. The new fee schedule proposed in this concept release is the next step in this process.

One of the primary purposes of amending the fee schedule is to reduce the revenues of the OSC so that the difference between revenues and expenditures of the OSC is not as significant. Since any fee model results in some fees that are dependent on general market conditions, revenues generated by the OSC will generally increase during market upswings and decrease during market downturns. As a result, the new fee schedule will also permit the OSC to adjust participation fees and activity fees, initially every three years, so that the discrepancy between revenues generated by the OSC and expenditures incurred by the OSC is maintained at an acceptable level. The expectation of the OSC is that, once it gains experience with the new fee schedule, participation fees and activity fees will be amended only on a periodic basis.

The proposed model has been reviewed and analysed by the OSC's chief economist. The chief economist has also reviewed the proposed activity fees and participation fees and has performed stress testing on the proposed model to minimize the impact of variable market conditions on the OSC revenue base.

The New Model - Corporate Finance

I Overview

As described above, the new fee schedule will include participation fees and activity fees. In general terms, participation fees for corporate finance activities will be represented by an annual fee charged to market players (generally reporting issuers other than mutual funds) based on a measure of the size of the market player. Only limited activity fees will be charged to market players for corporate finance activities.

Activity fees and participation fees for registrants, mutual funds and mutual fund management companies (regardless of whether or not such entities are also reporting issuers) are dealt with below under "The New Model - Capital Markets".

Appendix B compares fees that would be payable under the new fee schedule against fees that were actually paid by selected reporting issuers in calendar 1998 and 1999.

II Activity Fees

A) Prospectuses and Other Offering Documents

The new fee schedule will include a flat fee for preliminary prospectuses. The flat fee for preliminary prospectuses will substantially simplify the fees charged to market players filing a prospectus because it will no longer be necessary for a market player to:

- calculate the fee based on the type of prospectus being filed (i.e. whether it is a "regular" prospectus, a "shelf" prospectus, a multijurisdictonal prospectus or a prospectus for a non-fixed price offering)
- apply for a refund of fees paid previously and for the OSC to assign Staff necessary to handle fee refunds
- if issuing securities under the shelf prospectus system, file reports of sales of securities on a monthly basis for the period that its securities are in continuous distribution and for the OSC to assign Staff to monitor the payment of these fees
- pay a fee on filing a prospectus amendment, whether it be an amendment to a preliminary prospectus or to the (final) prospectus.

The flat fee will be payable by each market player offering securities pursuant to the prospectus. The flat fee will not be refunded if the market player subsequently withdraws the preliminary prospectus. For the purposes of this flat fee, rights offering circulars accompanied by the applicable notice pursuant to clause 72(1)(h) of the Act are considered to be preliminary prospectuses.

There will be a tiered system of flat fees for long form prospectuses ranging from $1,000 to $7,500. The fees will be tiered based on the gross proceeds qualified by the prospectus (including over-allotments and "green" shoes) proposed to be raised in Canada. The flat fee for offerings by long form prospectus are as follows:

Gross Proceeds	Activity Fee
< $5 million	$1,000
$5 million to $20 million	$5,500
> $20 million	$7,500

Gross proceeds for this purpose includes only the gross proceeds to be raised in Canada provided that the prospectus clearly discloses the percentage or amount of the offering to be raised outside of Canada. If a preliminary long form prospectus does not disclose the gross proceeds of the offering qualified or to be qualified by the prospectus, the market player will be required to pay the minimum flat fee of $1,000 with the preliminary prospectus and pay the remaining applicable fee based on the gross proceeds of the offering qualified by the prospectus as disclosed in the (final) prospectus with the filing of the (final) prospectus. A non-offering prospectus will be subject to a flat fee of $2,000.

It is also proposed that an additional fee of $2,000 be levied for a prospectus that is complex (for example, a demutualization) or for a prospectus that relates to novel securities (for example, an offering of asset-backed securities). The issuer will be advised in writing by the Director of Corporate Finance during the comment period that the additional filing fee is payable on the filing of the (final) prospectus. It is further proposed that an additional activity fee of $1,000 be levied for a prospectus filed by a resource issuer which is accompanied by engineering report(s).

Currently fees must be paid by an issuer filing an escrow agreement or filing an amendment to a preliminary or (final) prospectus. These fees would not be levied under the new fee schedule.

It is proposed that a single flat fee of $2,000 be charged for the filing of a short form preliminary prospectus regardless of the type of prospectus (example, shelf prospectus or MJDS prospectus) being filed or the size of the offering being made under that prospectus. The flat fee is payable by each market player offering securities pursuant to the short form prospectus. As for long form prospectus filings, short form prospectus issuers will not be charged a fee for filing an amendment to a preliminary or (final) short form prospectus.

It is proposed that the flat fees for filing a prospectus be the same whether or not Ontario is designated as the principal regulator by the issuer. This is appropriate since Staff review all prospectuses filed with the OSC. All prospectuses filed with the OSC are subject to "screening" by both a senior accountant and a senior lawyer in corporate finance. The screening process determines whether further corporate finance resources should be expended in reviewing the prospectus.

B) Applications for Discretionary Relief

It is proposed that the filing of most applications under various provisions of the Act, the Regulation or the Rules be accompanied by an activity fee. The application fee will be payable with the filing of the related application and will not be refunded if the application is subsequently withdrawn.

A number of applications (as listed in Appendix A - Table 1) will not be subject to an activity fee. The fee for these applications will be included as part of the participation fee.

There will be two flat fees for those applications that are subject to an activity fee. The highest flat fee (proposed to be $5,500) will be charged for an application filed under:

- section 74 (prospectus and registration exemptions) or section 104 (take-over bid exemptions);
- section 144 that relates to a revocation of a cease trade order that was issued more than two years prior to the date of the application; and
- more than one section of the Act, Regulation or Rules.

The lower flat fee (proposed to be $1,500) will be charged for all other applications filed, including those applications specifically listed in Appendix A - Table I.

For applications that attract a fee of either $5,500 or $1,500, it is also proposed that where an applicant requires a signed order of the Commission or written waiver of the Director in less than 20 days from the date of receipt of the application by the OSC, that the application also attract an additional activity fee of double the applicable application fee related to the requirement that the OSC "rush" the application or otherwise prioritize the application ahead of other applications which may have been filed prior to the application in question. The processing of applications by Staff on a "rush" basis will be subject to the availability of Staff resources. Applications filed on a non-rush basis or treated by the OSC as having been filed on a non-rush basis will generally be processed by Staff in the order in which they are received by the OSC.

It is further proposed that where an applicant does not pay a participation fee (because, for example, the issuer is a foreign issuer that has never offered securities in the Province of Ontario), the application also attract an additional activity fee of $2,000.

C) Take-Over Bids and Related Documents

Normal course issuer bids will not be subject to an activity fee (conceptually the fee for the work associated with a normal course issuer bid will be included as part of the participation fee for that issuer). The fee for filing an exempt take-over bid or an issuer bid which is not a normal course issuer bid will be a flat fee of $1,500. A flat fee of $5,500 will be charged to the market player, in this case the offeror, for filing a take-over bid circular that is not an exempt take-over bid or an issuer bid regardless of whether the bid for the target company is ultimately successful and regardless of whether the consideration to be paid by the offeror(s) consists of cash, securities or a combination of cash and securities. Only one flat fee will be charged for each take-over bid circular or issuer bid circular filed, regardless of the number of offerors. An offeror(s) that has not paid a participation fee in respect of the year in which the take-over bid circular (regardless of whether or not the take-over bid is exempt) or issuer bid circular is filed will be required to pay an additional activity fee of $2,000 on filing the circular.

There will be no fees charged for notices of change and variation, directors' circulars, individual director's circulars, formal valuations and prior valuations, documents filed with the OSC that relate to so-called "second stage" transactions and normal course issuer bid circulars.

D) Continuous Disclosure

It is proposed that all fees payable by market players for continuous disclosure documents (other than the proposed activity fee for filing an initial annual information form so that an issuer may participate in the short form distribution system) be replaced by a participation fee.

A list of continuous disclosure documents for which there is no activity fee is set out in Appendix C. Each document listed in Appendix C not filed within the applicable regulatory time periods will, however, be subject to an activity fee of $100 per day for each day that the document is late on the basis that Staff will have to spend additional administrative time in following up on these documents.

E) Exempt Distributions

Fees will not be charged for filings made by market players (other than those market players who do not pay participation fees) in connection with exempt distributions. Fees that are levied under the current fee schedule for these types of distributions (for example - private placements reported on Form 45-501F1 and annual reports relating to

distributions pursuant to subclause 72(1)(f)(iii)) of the Act will be included as part of the participation fee payable by market players.

An issuer filing a report of an exempt distribution that does not pay a participation fee will be required to pay an activity fee of $2,000 for each report filed which relates to an exempt distribution.

II *Participation Fee*

The participation fee will be a flat fee based, in general terms, on the market capitalization of the market player. In selecting the "driver" for the participation fee for corporate finance market players, Staff also considered basing the participation fee on assets or revenues of the market player but concluded that market capitalization was the most relevant indicator of the market player's use of the capital markets.

The participation fees will be "tiered". Tiering the participation fee will result in larger market players paying higher participation fees than smaller market players. In addition, tiering the participation fee will avoid excess volatility in the annual revenue of the OSC. The participation fee will be paid through SEDAR on an annual basis within 140 days of the fiscal year end of the market player. As a result, the participation fee will be paid for the current fiscal period of the issuer based on the issuer's market capitalization as at the end of its previous fiscal period (Note that the issuer's market capitalization for this purpose will be generally be based on its issued capital as at the end of its last fiscal period multiplied by the average of the closing prices of its issued securities as of the last trading day of each of the last twelve months of its fiscal period (see Appendix D for further details)). It is proposed that the payment of the participation fee will be accompanied by a new form which will outline the calculation of the fee and which will be certified by a senior officer of the market player. It is also proposed that the new form will accompany the filing of the annual financial statements of the market player. It is anticipated that SEDAR will be modified so that a market player will not be able to file its annual financial statements with the securities regulators unless the form and the applicable participation fee accompany the filing.

The annual participation fee is proposed to be calculated based on the market player's "market capitalization" for all classes of equity and debt securities that are listed and posted for trading on a Canadian stock exchange. The calculation of market capitalization for the three classes of market player (issuers incorporated in Canada with a class of securities listed and posted for trading on a Canadian stock exchange, foreign issuers and other issuers) are as set out in Appendix D. The annual participation fee will be tiered based on a market player's market capitalization. If the participation fee is not paid by a market player within the prescribed time period, an additional flat fee of 1 percent of the applicable participation fee will be payable with the participation fee for each day the participation fee is not paid (subject to a maximum late fee of 25 percent of the applicable participation fee). The annual participation fees for reporting issuers are as follows:

Market Capitalization	Annual Participation Fee
under $25 million	$750
$25 million to <$50 million	$1,500
$50 million to <$100 million	$2,500
$100 million to <$250 million	$7,500
$250 million to <$500 million	$15,000
$500 million to <$1 billion	$30,000
$1 billion to <$5 billion	$50,000
$5 billion to <$10 billion	$65,000
$10 billion to <$25 billion	$70,000
over $25 billion	$75,000

Investment fund issuers that are not mutual funds to which National Instrument 81-102 applies or are not scholarship plans will pay a participation fee and activity fees in accordance with the corporate finance model.

An issuer that files a prospectus in Ontario in order to become a reporting issuer in Ontario shall file with its (final) prospectus a prorated participation fee based on the number of months remaining in the issuer's fiscal period. As an example, an issuer with a December year end filing a (final) prospectus relating to an initial public offering in September would be required to pay with the (final) prospectus a participation fee based on 3/12 of the annual participation fee as set out above.

The calculation of the market capitalization of the issuer shall be completed on a pro forma basis assuming completion of the maximum offering (including over allotment options and "green" shoes) as described in the (final) prospectus. Similarly, an issuer that receives an order deeming it to be a reporting issuer in Ontario or an issuer that becomes listed on The Toronto Stock Exchange and attains reporting issuer status in Ontario shall, prior to the issuance of the applicable order or the listing of its securities on The Toronto Stock Exchange (as applicable), pay a prorated participation fee based on the number of months remaining in the issuer's fiscal period.

Issuers currently subject to a cease trade order in Ontario will be required to pay a prorated participation fee prior to the cease trade order being lifted. The participation fee will be based on the most recent audited financial statements of the issuer using the book value capitalization method of determining market capitalization for other issuers as set out below. As an example, an issuer with a December year end that makes the necessary filings or takes the necessary steps to get its cease trade order lifted in March would be required to pay a participation fee based on 8/12 of the applicable annual participation fee as set out below.

The participation fee will cease to be payable by a market player for the market player's fiscal periods

immediately following the date the market player ceases to be a reporting issuer in Ontario. It is not proposed that a refund of the participation fee be made by the OSC for a market player who ceases to be a reporting issuer during the market player's fiscal period. This is consistent with the "no refund" concept of the fee model.

The New Model - Capital Markets

I Overview

The Capital Markets branch administers regulation of registrants (dealers and advisers and individuals employed by these firms), investment products (such as mutual funds and pooled funds), markets (including exchanges, alternative trading systems and self-regulatory organizations) and clearing and settlement systems. The common thread throughout the activities of the Branch is that they involve activities which registrants either conduct (selling securities, advising others about investing in securities or packaging investment products for sale to the public) or participate in or benefit from (for example, exchanges, self-regulatory organizations and clearing and settlement systems).

As in the case of the Corporate Finance model, the fee model for Capital Markets will include both participation fees and activity fees. In general terms, participation fees will be represented by an annual fee charged to firms that are registered as dealers or as advisers based on a measure of the participation of the registrant in the Ontario capital markets. Fund managers that are not registered with the Commission in any capacity will also be charged an annual participation fee. Activity fees will be charged to registrants (and to their investment funds, where applicable) for specified activities undertaken by the Capital Markets branch at the request of the registrant. This fee model will also be implemented for fees charged under the *Commodity Futures Act* (Ontario)(the "CFA").

Each firm that is registered with the OSC or that is an unregistered mutual fund manager will pay a participation fee which is designed to be a largely all-inclusive fee to cover the cost of administration of regulation that relates to their regulated activities, business and operations, together with a proportionate share of the unallocated overhead costs of the OSC.

Activity fees will generally be charged on a flat fee basis reflecting the average cost to the OSC of undertaking the activity. These fees will be charged in respect of services carried out by Staff such as:

- processing new applications for registration of a firm and its trading or advising officers, partners, salespersons and representatives
- processing applications to appoint new trading or advising officers or partners, salespersons or representatives or to change the status of existing officers or partners from non-trading and/or non-advising to trading and/or advising or to be salespersons or representatives
- processing applications for discretionary relief and approvals (whether from the legislation, Regulation or Rules applicable to registrants or that are applicable to investment products (such as mutual funds) and their management and distribution)
- reviewing prospectuses for new mutual funds and other investment products and reviewing the annual renewal prospectuses for these investment products

Many of the smaller fees currently charged for specified activities will no longer attract a charge; for example, fees for amending registration particulars, such as a change in business address or address for service, a change in shareholders, adding or deleting branch offices or for amending mutual fund prospectuses.

Appendix B demonstrates fees that would be payable under the new fee schedule against fees that were actually paid by 7 registrants in calendar 1999.

It should be noted that the fees set out in the Concept Proposal are based on Staff's current analysis and that each of the fees may change, perhaps substantially, before the OSC's fee schedule is finalized.

II Participation Fee

Each registrant firm (including registrants under the *Securities Act* (Ontario)(the "OSA") and the CFA) and each unregistered mutual fund manager will pay an annual participation fee based on the portion of that entity's gross revenues for its most recently audited financial year, as adjusted for certain defined deductions, that is attributable to the entity's business in Ontario.

The fee model proposes to define gross revenues to ensure that the participation fee is consistently applied and generally fair to all registrants. The wide range of business structures used in the industry, particularly in the mutual fund management industry, necessitates a clear definition to ensure equity among similar categories of registrants. The fee model will also provide guidance to registrants on how they should determine their gross revenues that is attributable to their business conducted in Ontario.

In selecting the "driver" for the participation fee for registrants, Staff also considered basing the participation fee on assets under administration but concluded that gross revenue was the most relevant indicator of the registrant's use of the capital markets and would be the easiest measure for registrants to calculate and report on.

The OSC proposes that a registrant firm will calculate the components of its revenue in accordance with generally accepted accounting principles and as recorded on its most recently audited Comparative Statement of Income. Generally, this amount will be:

- for a member of the Investment Dealers Association of Canada – that amount indicated by the member at Line 18 of Statement E of the Joint Regulatory Financial Questionnaire and Report of the Investment Dealers Association of Canada

- for a member of the Mutual Fund Dealers Association of Canada – that amount indicated by the member at Line 12 of Statement D of the Financial Questionnaire and Report of the Mutual Fund Dealers Association of Canada

- for a registered adviser, fund manager or other category of dealer – that amount which is indicated as "gross revenue" on that adviser's, fund manager's or dealer's most recent audited annual financial statements.

A registered adviser, a fund manager or other category of dealer will be permitted to deduct from "gross revenues" the following revenue items received during its most recently audited financial year, as applicable to that entity's business:

- redemption fees earned on the redemption of mutual fund securities sold on a deferred sales charge basis

- administration fees relating to the recovery of costs from mutual funds managed by the entity for operating expenses paid on their behalf by the entity

- sub-advisory fees, if those fees are paid to another registrant in Ontario

- trailer fees, if those fees are paid to another registrant in Ontario.

The above-noted permissible deductions from gross revenue are proposed so as to minimize the "double counting" of gross revenues of Ontario registrants and Ontario based fund managers that would otherwise occur if such deductions were not permitted.

Participation fees will be based on the registrant's portion of gross revenue attributable to Ontario. The percentage attributable to Ontario for the reported year end is proposed to be the provincial allocation rate used for the registrant's Ontario tax return for the same period.

The amount charged as the participation fee will be tiered according to levels of gross revenue. The table below indicates the proposed ranges of gross revenues, along with the proposed participation fee for that range.

Gross Revenues Attributable to Ontario	Annual Participation Fee
under $500,000	$750
$500,000 to under $1 million	$2,000
$1 million to under $5 million	$7,500
$5 million to under $10 million	$15,000
$10 million to under $25 million	$25,000
$25 million to under $50 million	$50,000
$50 million to under $100 million	$100,000
$100 million to under $200 million	$200,000
$200 million to under $500 million	$350,000
$500 million to under $ 1 billion	$500,000
over $1 billion	$600,000

In order to properly define the ranges of gross revenues and the associated participation fee for each range, the OSC surveyed all registrants during the spring and summer of 2000 to determine gross revenues of registrants (using the proposed fee model). Fifty-two percent of registrants surveyed sent back data to the OSC for use in its modelling.

A registrant that is registered in more than one capacity (for example, a firm registered as a dealer and also as an adviser or also under the CFA) will pay one participation fee based on its gross revenues from all sources, as permitted to be adjusted.

The participation fee will be payable annually by registrants on a date to be established. It is proposed that registrants will pay the participation fee accompanied by a new form which will outline the various components of gross revenues and the calculation of the fee. The form will be required to be certified by senior officers of the registrant. The proposed form is attached to this fee model as Appendix E.

If the participation fee is not paid by a registrant on the date established, the OSC may suspend the registration of the registrant and/or fine the registrant. A fine would consist of an additional flat fee of 1 percent of the applicable participation fee for each day the participation fee is not paid (subject to a maximum late fee of 25 percent of the applicable participation fee).

In recognition that not all managers of mutual funds are registrants, the same annual participation fees will be levied against these non registered managers at the time of the annual prospectus renewal for the mutual funds they manage. Managers of mutual funds are those defined as such in National Instrument 81-102 Mutual Funds. Participation fees of these unregistered fund managers are expected to be collected via the SEDAR system of filing.

A registrant who commences business and becomes registered in some capacity for the first time during any year will pay applicable activity fees, as well as $750, being the

minimum participation fee, at the time it submits its application for initial licencing of its business.

The participation fee will cover the following services provided by the OSC that are considered to be inherent in the registrant's grant of a licence to carry out its business:

- annual renewals of firm, branch and trading/advising officer, partner, salesperson and representative registration status
- amendments to registration details, including amendments to details regarding registered trading/advising officers, partners, representatives and salespersons and termination of trading/advising officers, partners, representatives and salespersons (but not the appointment of new trading/advising officers, partners, representatives and salespersons and not certain changes for individuals, such as a salesperson becoming an officer, for which an activity fee will be levied)
- filings of annual financial statements by registrants and investment funds that are reporting issuers or are otherwise required to file financial statements with the OSC (see the Corporate Finance section of this concept proposal)
- amendments to investment fund prospectuses
- voluntary surrenders of registration.

III *Activity Fees*

A) *Registration-Related Activities*

Registration-related activity fees to be levied under the fee model are designed to cover the OSC's direct costs of carrying out that activity and will be based on the OSC's best estimate of the costs needed to carry out that activity. As noted above, these activities and the OSC's costs of performing those activities are based on Staff's current analysis and each of these fees may change, perhaps substantially, before the OSC's fee schedule is finalized.

The activities that will attract fees will be those where substantial Staff resources are required in order to process or carry out the regulatory response to that activity or where the volume of transactions justifies the imposition of a fee to recover the OSC's costs. A number of the registration related activities carried out by Staff do not require a lot of Staff time and therefore the direct costs incurred by the OSC in respect of that activity are low. Rather than charge a large number of small fees, the fee model proposes that the cost of these activities be recouped by the participation fee to be paid by all registrants.

Registration-related activity fees will be payable for, and will be in the following amounts:

Activity	Activity Fee
New registration of a firm (in any capacity) (where a firm registers as both an adviser and dealer, it will be required to pay two activity fees)	$800
Certain changes in registration category: dealers changing to or adding an adviser category or advisers changing to or adding a dealer category	$800
Registration of a new officer or partner (trading and/or advising), salesperson or representative.	$400 per person
Change in status from a non-trading and/or non-advising capacity to a trading and/or advising capacity	$400 per person
Registration of a new registrant firm resulting from the amalgamation of registrant firms	$6,000

Additional fees of $100 per day will be levied against a registrant for each day that it is late in filing required notices, amendments to registrations and financial statements.

B) *Applications for Discretionary Relief*

The filing of most applications under various provisions of the Act, the Regulation and the Rules by registrants and investment funds (or registrants on behalf of investment funds) will be accompanied by an activity fee. The application fee will be payable with the filing of the related application and will not be refunded if the application is subsequently withdrawn.

Applications for discretionary exemptive relief under section 74 of the Act dealt with by Staff of the Capital Markets Branch (generally those applications dealing with registration issues) will attract the same fee as the comparable applications dealt with by Corporate Finance Staff; namely $5,500.

The fee for other applications for discretionary exemptive relief from the registration provisions of, or for Director or Commission level registration related approvals provided for by, the Act, the Regulation or the Rules will be a flat fee, regardless of the complexity of the application being filed. Applications to the Director or the Commission for an amendment of terms and conditions imposed on a registrant pursuant to section 26 of the Act, notices to the Director given pursuant to section 104 of the Regulation and applications for recognition as an exempt purchaser will attract the same activity fee as applications for discretionary exemptive relief. It is proposed that the flat fee be $1,500 and will cover all relief

and approvals required by the applicant in respect of a single transaction or matter.

The fee for applications for discretionary exemptive relief from the Director or the Commission for specified investment fund activity under the Act, the Regulations or the Rules will be a single flat fee, regardless of the complexity of the application being filed. It is proposed that the flat fee be $1,500 and will cover all relief required by the registrant or investment fund (or registrant on behalf of an investment fund) in respect of a single transaction or matter. For example, if a mutual fund requires relief from the provisions of the Act and also from National Instrument 81-102 to make a certain type of specified investment, that mutual fund will be levied one application fee.

In the case of investment funds, where investment funds that are all members of the same fund family require *identical* relief to carry out a transaction or to make a certain type of investment, a single flat fee will be charged to that group of investment funds (or to the registrant or fund manager making the application on their behalf). Where one application letter is filed requesting different types of relief for different investment funds, each investment fund (or group of investment funds) requiring the same relief will be charged an application fee, notwithstanding that one application letter has been filed. For example, if a fund manager submits a letter that constitutes an application by one group of its funds to invest more than 10 percent of each fund's assets in one specified issuer, one application fee would be payable in respect of that request. If the same letter also details a request for another fund or group of funds to invest more than 10 percent of the fund's assets in another specified issuer, another application fee would be payable in respect of that request.

The following registration-related and investment fund related applications and notices will require payment of an application activity fee since they require action on the part of Staff. However in recognition of the lesser Staff effort required with these applications and notices, a lower flat fee of $500 will be charged:

- requests, pursuant to section 139 of the Act for a certified statement from the Commission or the Director
- networking notices filed under section 229 of the Regulation
- lapse date extension orders issued pursuant to section 62(5) of the Act.

As under the Corporate Finance model, it is also proposed that where an applicant (including a registrant on behalf of, or with an investment fund) requires a signed order of the Commission or a decision or written waiver of the Director in less than 20 days from the date of receipt of the application by the OSC, the application also attract an additional activity fee of double the applicable application fee related to the requirement that the OSC "rush" the application or otherwise prioritize the application ahead of other applications which may have been filed prior to the application in question. The processing of applications by Staff on a "rush" basis will be subject to the availability of Staff resources. Applications filed on a non-rush basis or treated by the OSC as having been filed on a non-rush basis will generally be processed by Staff in the order in which they are received by the OSC.

Where an applicant does not pay a participation fee (because, for example, the applicant is not a registrant, such as a unregistered non-resident adviser) and wishes to receive an exemptive relief order or waiver, the application will also attract an additional activity fee of $2,000.

C) Continuous Disclosure for Investment Funds

The discussion in the Corporate Finance section of this concept proposal relating to continuous disclosure is applicable to investment funds (except as it relates to payment of participation fees and prospectus filing activity fees), to the extent that they are reporting issuers, or otherwise required to file continuous disclosure material with the OSC. That is, no fees will be levied for the filing of the required financial statements and other continuous disclosure material by investment funds on the basis that their managers will have paid a participation fee to the OSC.

D) Exempt Distributions by Investment Funds

The discussion in the Corporate Finance section of this concept proposal relating to exempt distributions is applicable to investment funds where they carry out trades on an exempt basis. That is, no fees will be levied in respect of distributions of investment funds made on an exempt basis.

E) Prospectus Offerings by Investment Funds

It is proposed that a flat activity fee will be charged to either the investment fund, or its manager, when it files either a preliminary or pro forma prospectus. Where a group of investment funds uses a single preliminary or pro forma prospectus disclosure document, each investment fund covered under the single document will be levied this fee, in recognition that although a single document is used, each fund is filing a preliminary or pro forma prospectus and Staff effort is expended in considering each individual fund on its own merits. This fee will not be refunded if the fund subsequently withdraws the preliminary prospectus or does not renew the fund's prospectus through filing of a final prospectus.

It is proposed that the flat fee payable by each investment fund will be $600. No additional fees will be payable upon the filing of the final prospectus following the clearance of the preliminary or the pro forma prospectus.

No amendment fees will be payable for amendments to prospectus documents.

It is proposed that an additional fee of $2,000 be levied for an investment fund prospectus that is complex or for a prospectus that relates to a novel product or securities. The investment fund will be advised in writing by the Director of Capital Markets during the comment period that the additional filing fee is payable on the filing of the (final) prospectus.

It is proposed that the flat fees for preliminary and pro forma prospectuses filed by investment funds be the same whether or not Ontario is designated as the principal regulator by the investment fund under the prospectus. The rationale for this approach is discussed in the Corporate Finance section under "The New Model - Corporate Finance - Prospectuses and Other Offering Documents".

Appendix A

Proposed Fees under the New Fee Model

Corporate Finance Fees

Table I - Activity Fees

Document Type	Description of New Fee
Long form prospectus	Flat fee ranging from $1,000 to $7,500 based on gross proceeds of offering qualified by the prospectus. Additional flat fees for resource issuers ($1,000) and for complex or novel offerings ($2,000)
Short form prospectus	Flat fee of $2,000 regardless of size of offering. Additional flat fee of $2,000 for complex or novel offerings
Non-offering prospectus	Flat fee of $2,000
No charge applications	No fee for the following documents: - applications under subsection 72(8) of the Act (for a reporting issuer certificate) - applications under section 83 of the Act (for orders deeming an issuer to have ceased to be a reporting issuer) - waivers of the requirements of OSC Rule 51-501 (relating to annual information forms and management's discussion and analysis) - requests for the written permission of the Director under subsection 38(3) of the Act (permitting certain listing representations in disclosure documents) - applications where the approval of the Director is evidenced by the issuance of a receipt for the (final) prospectus - all applications filed under section 144 of the Act (other than those relate to revocations of cease trade orders that were issued more than two years prior to the date of the application and those that relate to applications filed by a person or company affected by a decision of the Commission)
$5,500 applications	Flat fee of $5,500 for: - applications filed under section 74 or 104 of the Act - applications filed under section 144 that relate to revocations of cease trade orders that were issued more than two years prior to the date of the application - applications filed under more than one section of the Act, Regulation or Rules

Document Type	Description of New Fee
$1,500 applications	Flat fee of $1,500 for applications under: - section 121 of the Act (exemptions based on compliance with the laws of another jurisdiction) - Rule 61-501 (exemptions relating to take-over bids) - section 233 of the Regulation (exemptions from the conflict of interest provisions) - subclause 80(b)(iii) of the Act (relating to exemptions from the continuous disclosure requirements relating to financial statements) - section 144 of the Act by a person or company affected by a decision of the Commission - the *Business Corporations Act* (Ontario) - section 83.1 of the Act (deeming an issuer to be a reporting issuer in Ontario) - under other miscellaneous sections
Rush application fee	Additional flat fee of double the applicable application fee for rush applications
Additional application fee	Additional flat fee of $2,000 for filing an application if the applicant has not paid a participation fee
Take-over bid circulars	Flat fee of $5,500 for each take-over bid circular, regardless of the number of offerors. Flat fee of $1,500 for each circular relating to an exempt take-over bid or issuer bid that is not a normal course issuer bid (no fee for circulars relating to normal course issuer bids). Additional flat fee of $2,000 for each circular filed if the filer did not pay a participation fee in that year
Continuous disclosure filings	Most continuous disclosure documents (see Appendix C for a list) are not subject to an activity fee. Flat fee of $100 per day for each document that is not filed within prescribed time limits by an issuer. Flat fee of $2,000 for an issuer filing an initial annual information form to permit it to participate in the prompt offering prospectus system
Exempt distributions	Flat fee of $2,000 for a filing made by an issuer that did not pay a participation fee in that year

Table II - Participation Fee

For a description of how to calculate market capitalization, see Appendix D.

Market Capitalization	Annual Participation Fee
under $25 million	$750
$25 million to <$50 million	$1,500
$50 million to <$100 million	$2,500
$100 million to <$250 million	$7,500
$250 million to <$500 million	$15,000
$500 million to <$1 billion	$30,000
$1 billion to <$5 billion	$50,000
$5 billion to <$10 billion	$65,000
$10 billion to <$25 billion	$70,000
over $25 billion	$75,000

If the participation fee is not paid by a market player within the prescribed time period, an additional flat fee of 1 percent of the applicable participation fee will be payable with the participation fee for each day the participation fee is not paid (subject to a maximum late fee of 25 percent of the applicable participation fee).

Capital Markets Fees

Table I - Activity Fees

Activity	Activity Fee
New registration of a firm (in any capacity) (where a firm registers as both an adviser and dealer, it will be required to pay two activity fees)	$800
Certain changes in registration category: dealers changing to or adding an adviser category, or advisers changing to or adding a dealer category	$800
Registration of a new officer or partner (trading and/or advising), salesperson or representative	$400 per person
Change in status from a non-trading and/or non-advising capacity to a trading and/or advising capacity	$400 per person
Registration of a new registrant firm resulting from the amalgamation of registrant firms	$6,000

Activity	Activity Fee
Applications for discretionary relief under Act, Regulation and Rules (other than section 74 applications – see below)	$1,500 per applicant (or group of related applicants in the case of investment funds)
Applications for discretionary relief under section 74 of the Act	$5,500
Notices to Director under section 104 of the Regulation	$1,500
Applications for recognition as an exempt purchaser	$1,500
Applications for amending terms and conditions of registration	$1,500
Section 139 requests for certified statements from the Commission or the Director	$500
Networking notices – section 229 of the Regulation	$500
Section 62(5) applications (per prospectus lapse date being extended)	$500
Preliminary or pro forma prospectus for an investment fund	$600 per fund. Additional flat fees for complex or novel offerings ($2,000)
Application by a market participant who does not pay a participation fee	Additional fee of $2000
Application for a "rush" order or decision	Additional flat fee of double the applicable application fee for the rush application

Additional fees of $100 per day will be levied against a registrant for each day that it is late in filing required notices, amendments to registrations and financial statements.

Table II - Participation Fee

For a detailed discussion on the calculation of "gross revenues" and the participation fee please see Appendix E.

Gross Revenues Attributable to Ontario	Annual Participation Fee
under $500,000	$750
$500,000 to under $1 million	$2,000
$1 million to under $5 million	$7,500
$5 million to under $10 million	$15,000
$10 million to under $25 million	$25,000
$25 million to under $50 million	$50,000
$50 million to under $100 million	$100,000
$100 million to under $200 million	$200,000
$200 million to under $500 million	$350,000
$500 million to under $ 1 billion	$500,000
over $1 billion	$600,000

If the participation fee is not paid by a registrant on the date established, the OSC may suspend the registration of the registrant and/or fine the registrant. A fine would consist of an additional flat fee of 1 percent of the applicable participation fee for each day the participation fee is not paid (subject to a maximum late fee of 25 percent of the applicable participation fee).

Table III - Activities for Which No Activity Fees will be Charged

The following activities will not be charged an activity fee but will instead be included as part of the participation fee:

- Annual renewals of firm, branch, trading/advising officers and salespersons
- Amendments to registration details, such as:
  - change in business address or address for service
  - change in shareholders
  - change in auditor
  - change in fiscal year end
  - name changes
  - addition or deletion of branch offices
  - amendments to details regarding registered trading/advising officers and partners, representatives and salespersons and terminations of trading/advising officers and partners, representatives and salespersons (but not the appointment of new trading/advising officers and partners, representatives and salespersons and

not certain changes for individuals, such as a salesperson becoming an officer, for which an activity fee will be levied)

- Notices under section 217 of the Regulation
- Amendments to a preliminary prospectus or a (final) prospectus for an investment fund

Appendix B

Examples of Fees for Reporting Issuers and Registrants under the Current Fee Schedule and Under the Proposed Fee Schedule

Corporate Finance Fees:

The following table demonstrates fees that would be payable under the new fee schedule against fees that were actually paid by selected reporting issuers in calendar 1998 and 1999.

Issuer		Actual Fees Paid	Fees under the New Fee Schedule		
Type of Issuer	Market Capitalization of Issuer		Activity Fees	Participa-tion Fees	Total Fees
POP issuer - 1 offering	$500 million to <$1 billion in 1998 and $1 billion to <$5 billion in 1999	$27,902	$2,000	$80,000	$82,000
Non-POP issuer - 1 offering	under $25 million in 1998 and $25 million to <$50 million in 1999	$7,890	$5,500	$2,250	$7,750
POP issuer - 3 offerings	$10 billion to $25 billion in both years	$151,530	$6,000	$140,000	$146,000

Capital Markets Fees:

The following examples demonstrate fees that would be payable under the new fee schedule by registrants against fees that were actually paid by 7 registrants in calendar 1999.

Registrant 1: Manager of Mutual Funds - Registered as Adviser and Mutual Fund dealer

- 2 applications for registration related exemption
- 4 appointments of officers
- 2 appointments of new salespersons
- 3 changes to officers
- 1 renewal of registration
- 4 new mutual funds established
- Annual financial statements for 40 mutual funds filed
- Annual prospectus renewal for 40 mutual funds (based on gross sales for the preceding year)
- Amendments to prospectuses for 15 mutual funds
- 1 application for exemption from Rules and Legislation (mutual fund related)

	Registration Fees	Mutual Fund Fees	Participation Fee	Total
Calendar 1999	$156,000	$1,770,000	–	$1,926,000
Proposed Fee Model	$6,200 (activity fees)	$26,400 (activity fees)	$350,000	$382,600

Registrant 2 - Fund Manager and Distributor - Registered as Mutual Fund Dealer

- 2 new appointments of directors
- 1 Registration exemption application
- 49 non resident salespersons

- 494 new resident salespersons
- 91 new or amended branches
- 2 status changes of trading officers
- 6 termination of officers and directors
- 1 Renewal of Registration
- 8 new mutual funds established
- Annual financial statements for 31 mutual funds filed
- Annual prospectus renewal for 31 mutual funds (based on gross sales for the preceding year)
- 1 application for exemption from Rules and Legislation (mutual fund related)

	Registration Fees	Mutual Fund Fees	Participation Fee	Total
Calendar 1999	$1,296,800	$463,900	–	$1,760,700
Proposed Fee Model	$219,500 (activity fees)	$24,900 (activity fees)	$200,000	$444,400

Registrant 3: Portfolio Manager/Investment Counsel, registered as Adviser

- 1 renewal of registration

	Registration Fees	Mutual Fund Fees	Participation Fee	Total
Calendar 1999	$2,620	–	–	$2,620
Proposed Fee Model	– (activity fees)	– (activity fees)	$7,500	$7,500

Registrant 4 - Portfolio Manager/Investment Counsel (with private mutual funds) - Registered as Adviser

- 1 renewal of registration
- Filing of financial statements for the distribution of 6 private mutual funds
- Private placement fees and private mutual funds *

	Registration Fees	Mutual Fund Fees	Participation Fee	Total
Calendar 1999	$6,000	$1,500	–	$7,500
Proposed Fee Model	– (activity fees)	– (activity fees)	$25,000	$25,000

* actual fees paid not known and therefore not indicated

Registrant 5: Mutual Fund Dealer

- 15 appointments of salespersons
- 55 new Branch registration
- 8 name changes
- 1 renewal of registration

	Registration Fees	Mutual Fund Fees	Participation Fee	Total
Calendar 1999	$59,100	–	–	$59,100
Proposed Fee Model	$6,000 (activity fees)	– (activity fees)	$25,000	$31,000

Registrant 6: Dealer, Member of the Investment Dealers Association of Canada

- 3 appointments of new officers/directors
- 24 appointments of non resident trading officers under OSA
- 2 appointments of non resident trading officers under OSA and CFA
- 21 appointments of resident trading officers under OSA
- 3 appointments of resident trading officers under OSA and CFA
- 21 appointments of non resident trading salespersons under OSA
- 3 appointments of non resident trading salespersons under OSA and CFA
- 139 appointments of resident trading salespersons under OSA
- 28 new Branch registration
- 33 status changes of officers, directors and salespersons
- 48 Terminations of officers and directors
- 1 Title change
- 1 renewal of registration

	Registration Fees	Mutual Fund Fees	Participation Fee	Total
Calendar 1999	$1,100,000	–	–	$1,100,000
Proposed Fee Model	$98,400 (activity fees)	– (activity fees)	$600,000	$698,400

Registrant 7 - Dealer - Member of the Investment Dealers Association of Canada

- 1 new appointment of director
- 2 terminations of officers and directors
- 1 renewal of registration

	Registration Fees	Mutual Fund Fees	Participation Fee	Total
Calendar 1999	$47,100	–	–	$47,100
Proposed Fee Model	– (activity fees)	– (activity fees)	$100,000	$100,000

Appendix C

Continuous Disclosure Documents for Which the Related Fee has been Replaced by the Participation Fee

The participation fee will replace all continuous disclosure fees currently paid by market players. Documents considered to be continuous disclosure documents for this purpose are as follows:

- annual financial statements and interim financial statements
- annual reports
- reports on Form 28 - Annual Filing of Reporting Issuer
- renewal annual information forms filed by issuers that participate in the prompt offering prospectus system and all annual information forms filed by issuers that do not participate in the prompt offering prospectus system
- management's discussion and analysis
- management proxy materials
- material change reports
- insider trading reports
- reports on Form 45-501F1 - Report of a Trade under Clause 72(1)(a), (b), (c), (d), (l), (p) or (q) of the Act, Section 2.4, 2.5 or 2.11 of Rule 45-501 or Subsection 2.1(1) or Paragraph 2.2(d) or 2.3(d) of Rule 45-504
- reports on Form 43 relating to normal course issuer bids
- annual reports of distributions pursuant to subclause 72(1)(f)(iii) of the Act relating to securities issued through the exercise of a right to purchase, convert or exchange previously granted by an issuer
- reports of distributions pursuant to Rule 45-503 relating to the operation of employee option and share purchase plans
- reports of distributions pursuant to subclause 72(1)(i) of the Act relating to statutory amalgamations and arrangements
- reports on Form 22 - Report made under Section 72(5) of the Act with Respect to Outstanding Securities of a Private Company That Has Ceased to be a Private Company
- reports on Form 23 - Notice of Intention to Distribute Securities and Accompanying Declaration Pursuant to Section 72(7) of the Act
- prospecting syndicate agreements
- notices under subsection 8(2) of the Act relating to Commission reviews of Director's decisions
- applications under subsection 72(8) of the Act for a reporting issuer certificate
- applications under section 83 of the Act for an order deeming the issuer to have ceased to be a reporting issuer under the Act
- applications for written permission of the Director under subsection 38(3) of the Act permitting the applicant to make certain listing representations in a document
- applications for waivers of the requirements of Rule 52-501
- strip bond information statements
- undertakings with respect to eurosecurity financings

Appendix D

Calculation of Market Capitalization for the Participation Fee for Reporting Issuers

Different types of reporting issuer market players will be required to use different calculations to determine their market capitalization. The classes of market players for this purpose are as follows:

- issuers incorporated in Canada with a class of securities listed and posted for trading on a Canadian stock exchange
- issuers incorporated in a jurisdiction outside of Canada (regardless of whether they have a class of securities listed and posted for trading on a Canadian stock exchange)
- other issuers (i.e. issuers not included in either of the two preceding categories)

Issuers Incorporated in Canada with a Class of Securities Listed and Posted for Trading on a Canadian Stock Exchange

The "market capitalization" for this group of issuers (the largest segment of Ontario reporting issuers) will be calculated based on the following formula for each class of equity or debt securities:

"A" x "B"

"A" equals the number of listed securities of a class of equity or debt securities of the issuer as at the end of the issuer's last fiscal period as published by any Canadian stock exchange

"B" equals the simple average of the closing price of such class of equity or debt securities of the issuer as of the last trading day of each of the last twelve months of the issuer's last fiscal period as published by any Canadian stock exchange, translated to Canadian dollars at the closing rate in effect at the end of the issuer's last fiscal period, if applicable

Where an issuer has more than one class of equity or debt securities outstanding, the formula above shall be applied to each class of equity or debt securities outstanding and the market capitalization for that issuer shall be the sum of all of these calculations. The market capitalization for income trusts listed on a Canadian stock exchange should be determined with reference to this formula, notwithstanding that the trust may technically meet the definition of a mutual fund as set out in the Act.

Foreign Issuers

Foreign issuers (defined to be issuers incorporated outside of Canada) shall determine "market capitalization" based on the following formula for each class of equity or debt securities sold in the Province of Ontario:

"A" x "B"

"A" equals the aggregate number of equity or debt securities of a class of securities of the foreign issuer distributed into the Province of Ontario either pursuant to a (final) prospectus or pursuant to an exempt distribution

"B" equals the simple average of the published closing market price of that class of equity or debt securities of the market player as of the last trading day of each of the last twelve months of the issuer's fiscal period. Market price shall be calculated with reference to the market on which the highest volume of that class of equity or debt securities of the issuer are traded based on the trading days in the last three months of the most recent fiscal period of the issuer, converted to Canadian dollars at the closing rate in effect at the end of the issuer's last fiscal period

Where an issuer has more than one class of equity or debt securities outstanding which have been distributed into the Province of Ontario, the formula above shall be applied to each class of equity or debt securities outstanding and the market capitalization for that issuer shall be the sum of all of these calculations.

Other Issuers

In situations where the market player is a reporting issuer and the issuer does not fit into any other category of issuer described above, the issuer's "market capitalization" equals the book value capitalization of the market player based on the audited financial statements of the market player as at its most recent audited year end. Book value capitalization for this purpose will be the aggregate of the stated value from the audited financial statements of the following items: retained earnings or deficit, contributed surplus, common stock, options, warrants, preferred stock (whether such stock is classified as debt or equity for financial reporting purposes), long term debt (including that portion classified as short term debt for financial reporting purposes), capital leases (including that portion classified as short term for financial reporting purposes), minority interest, items classified on the balance sheet between current liabilities and shareholders' equity (and not otherwise listed above) and any other item forming part of shareholders' equity not set out specifically above. For issuers with unclassified balance sheets, long term debt for the purposes of this calculation shall be the total of all items shown on the balance sheet as liabilities (other than those items relating to trade accounts payable).

Appendix E
Calculation of Gross Revenues for the Participation Fee for Registrants and Unregistered Fund Managers

The proposed form to be completed by a registrant firm in connection with the calculation of its "gross revenues" necessary to determine the quantum of participation fees to be paid is set out below.

Revenue for Participation Fee Questionnaire General Notes and Instructions

1. Registrants are required to complete each Part that applies to their particular category of registration. Firms may have multiple registration categories and will be required to complete each relevant part as outlined below:

   Part I - Investment Dealers Association of Canada members
   Part II - Mutual Fund Dealers Association of Canada members
   Part III - Advisers[1] and other Dealers[2]

2. The components of revenue reported in each Part should be based on the same principles as the comparative statement of income which is prepared in accordance with generally accepted accounting principles ("GAAP"). It is recognized that the components of the revenue classification may vary between firms. However, it is important that each firm be consistent between periods.

3. Each Part should be read in conjunction with the related notes and instructions of that section where applicable.

4. Members of the Investment Dealers Association of Canada may refer to Statement E of the Joint Regulatory Financial Questionnaire and Report for guidance.

5. Members of the Mutual Fund Dealers Association of Canada may refer to Statement D of the MFDA Financial Questionnaire and Report for guidance.

6. Comparative figures are required for the registrants' year end date.

7. Participation fee revenue will be based on the portion of total revenue that can be attributed to Ontario. The percentage attributable to Ontario for the reported year end should be the provincial allocation rate used in the Ontario tax return for the same fiscal period. For non-resident and international registrants, where no tax is paid provincially due to the lack of a permanent establishment, the percentage attributable to Ontario will be based on the proportion of total revenues generated from Ontario residents. Refer to Part IV.

8. All figures should be expressed in Canadian dollars and rounded to the nearest thousand.

9. Information reported on this questionnaire must be certified by two members of senior management in Part VI to attest to its completeness and accuracy.

---

[1] Includes all adviser categories as per section 99 of the Regulations in the *Securities Act* (Ontario) such as financial advisers, investment counsel, portfolio managers and securities advisers. This category also includes non-resident advisers and international advisers.

[2] Includes all dealer categories as per section 98 of the Regulations in the *Securities Act* (Ontario) except mutual fund dealers which are treated separately in Part II.

Revenue for Participation Fee

_____

(Registrant Name)

For the period ending_____

Part I - Investment Dealers Association of Canada Members

	Current Year $	Prior Year $
REVENUE SUBJECT TO PARTICIPATION FEE		
1. Line 18 of Statement E of the Joint Regulatory Financial Questionnaire and Report	_____	_____

Part II - Mutual Fund Dealers

REVENUE SUBJECT TO PARTICIPATION FEE		
1. Line 12 of Statement D of the MFDA Financial Questionnaire and Report	_____	_____

Part III - Advisers, Fund Managers and Other Dealers

1. Gross Revenue as per the audited financial statements (note 1)	_____	_____
Less the following items:		
2. Redemption Fees (note 2)	_____	_____
3. Administration Fees (note 3)	_____	_____
4. Sub-Advisory fees paid to other Ontario registrants (note 4)	_____	_____
5. Trailer fees paid to other Ontario registrants (note 5)	_____	_____
6. Line 11 of Statement D (reported above if dually registered) (note 6)	_____	_____
7. Total Deductions - sum of lines 2 to 6	_____	_____
8. REVENUE SUBJECT TO PARTICIPATION FEE (line 1 less line 7)	_____	_____

[See Notes and Instructions for Part III]

NOTES AND INSTRUCTIONS - PART III

Notes

1. Gross Revenue is defined as the sum of all revenues reported on a gross basis as per the audited financial statements prepared in accordance with GAAP. Items reported on a net basis must be adjusted for purposes of the fee calculation.

2. Redemption fees earned upon the redemption of mutual fund units sold on a deferred sales charge basis are permitted to be deducted from gross revenue on this line.

3. Administration fees permitted to be deducted from line 1 are limited solely to those that represent the recovery of costs from the mutual funds for operating expenses paid on their behalf by the Registrant. Operating expenses include legal, audit, trustee, custodial and safekeeping fees, registrar and transfer agent charges, taxes, rent, advertising, unitholder servicing and financial reporting costs.

4. Where the advisory services of **another Ontario registrant** are used by the Registrant to advise on a portion of its assets under management, such sub-advisory costs are permitted to be deducted on this line to avoid double counting.

5. Trailer fees paid to **other Ontario registrants** are permitted as a deduction on this line.

6. To the extent that a Registrant is also registered under the category of a mutual fund dealer defined in subsection 98(7) of the Regulations in the *Securities Act* (Ontario) and to the extent that revenues attributable to this category of registration were already reported in Part II, this amount may be deducted from gross revenue on this line to ensure it is not double counted for purposes of calculating the participation fee.

Part IV - Allocation of Revenue to Ontario
Revenue for Participation Fee

_____
(Registrant Name)

As at _____

Total Revenue subject to Participation Fee: $

Line 1 from Part I	_____	
Line 1 from Part II	_____	
Line 8 from Part III	_____	
Total	_____	
Percentage attributable to Ontario (based on most recent tax return)	_____	%
Total Revenue attributable to Ontario	_____	
Total Fee payable (refer to Part V)	_____	

[See Notes and Instructions]

Part V - Participation Fee

Gross Revenues Attributable to Ontario	Annual Participation Fee
under $500,000	$750
$500,000 to under $1 million	$2,000
$1 million to under $5 million	$7,500
$5 million to under $10 million	$15,000
$10 million to under $25 million	$25,000
$25 million to under $50 million	$50,000
$50 million to under $100 million	$100,000
$100 million to under $200 million	$200,000
$200 million to under $500 million	$350,000
$500 million to under $ 1 billion	$500,000
over $1 billion	$600,000

Part VI - Management Certification
Revenue for Participation Fee

_____

(Registrant Name)

We have examined the attached statements and certify that, to the best of our knowledge, they present fairly the revenues of the firm for the period ended _____ and are prepared in agreement with the books of the firm.

We certify that the reported revenues of the firm are complete and accurate and in accordance with generally accepted accounting principles.

Name and Title	Signature	Date
1._____	_____	_____
_____		
2._____	_____	_____
_____		

Appendix F

Economic Analysis Overview

The focus in the economic analysis of the fee concept proposal was confined to stress-testing and refinement of the checking for fairness in the application of the fee structure. The structure of the proposed model was established well before the introduction of the economist role to the OSC. In any case, a cost-based model with an implied reduction in volatility and improvement in fairness is superior to both the approach used previously and the models established in other countries in the context of current capital markets.

The initial challenge arose from the substantial change proposed to take place in the basis of fees charged. The departure from previous practice meant that the historical data for OSC fees was of limited relevance. For the participation fees, data on market capitalization and corporate revenue flows was obtained from the Toronto Stock Exchange Inc., the Investment Dealers Association (the "IDA") and Statistics Canada financial databases. The definition of revenue and the selective nature of the registrant group required testing a large number of potential series available against the data available from the OSC for a suitably high level of confidence. For employee and transaction-based activity fees, data was obtained from the sources noted above with additional series from the Bank of Canada.

Market capitalization and corporate revenue for the relevant sectors were both moderately volatile over the course of the current expansion with a 15% average rate of change doubling when the analysis was extended through the last economic downturn. Broadening the bands in the participation fee structure to account for 99% of the historical volatility should eliminate most of the substantial swings in the revenue base of the OSC from this source as well as limiting the year-to-year changes in industry costs. In addition, an extension of the bands at the upper end will reduce the frequency of changes in the rates which might be needed to offset the loss in revenue associated with the trend rate of increase in the revenue base.

The slope of the revenue curve was another key issue in the design of the participation fee schedule. That is, should the percentage rate change as the base rises? The precepts in this design involved a balancing act between the costs incurred by the OSC and the benefits received by the recipients. The cost of reviewing or registering a large company doesn't rise in proportion with market cap or revenue. However, the benefits received through participation in the market in terms of ease of access or cost of capital are at least proportional. This analysis suggested a modest decline in the percentage rate as the revenue base rises and a shift to some degree of homogeneity between capital markets and corporate finance in order to promote fairness across sectors.

While data on public companies and IDA participants is readily accessible, many of the financial firms encompassed by the capital markets don't produce public balance sheets with the entries required in the proposed schedule. Estimation of the probable revenue flow and refinement of the fees to reflect the concentration rate of the industry required a survey be done. With a response rate of roughly 50%, the OSC has a high degree of confidence in the reliability of those results. The data gained allowed us to make further improvements in the schedule to reduce volatility and the potential negative impact of the fee changes on any particular segment as well as improving fairness.

Most of the fees based on activities, with the notable exception of employment, showed extreme volatility over the course of the business cycle, frequently in excess of several thousand percent. The nature of the fees doesn't fit the bracket approach or other alternative means of reducing instability. In order to enhance the predictability of the revenue stream and the cost base for the industry, some further reduction in the combined participation and activity fee volatility was considered useful. While the fees are an extremely modest part of virtually all of the activities considered, reducing this component overall represents a positive step in removing an impediment to actions such as undertaking an issue or hiring additional staff.

As a result, the proportion of the fee base on the participation side was increased relative to activities within the bounds of maintaining a cost-based approach. This should reduce average volatility in the revenue base to the 4% area and essentially eliminate the risk of having to change the rate schedule during an extended economic downturn in order to meet costs.

Overall, the new model represents a substantial improvement in terms of fairness and stability over the one currently in place or the alternatives presented outside of Canada. Many other jurisdictions internationally impose a per trade fee, a negative feature in terms of efficiency and liquidity. For issuers, spreading the cost out over the market participants more accurately reflects the benefits received as well as the costs incurred in a continuous disclosure system. In addition, the marginal costs associated with a new issue should fall substantially, also carrying the potential to enhance the liquidity in the financial markets.

This Page Intentionally left blank

Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds Issuers of exempt financings that they are responsible for the completeness, accuracy and timely filing of Forms 20 and 21 pursuant to section 72 of the Securities Act and section 14 of the Regulation to the Act. The information provided is not verified by staff of the Commission and is published as received except for confidential reports filed under paragraph E of the Ontario Securities Commission Policy Statement No. 6.1.

Reports of Trades Submitted on Form 45-501f1

Trans. Date	Security	Price ($)	Amount
18Jan01	Alliance Atlantis Communications Inc. - 13% Senior Subordinated Notes due December 15, 2009	$3,011,382	$2,000,000
22Feb01	Archstone Communities Trust Inc. - Common Shares	1,873,038	51,900
08Mar01	Banro Corporation - Common Shares	600,000	1,200,000
23Feb01	BPI American Opportunities Fund - Units	510,000	4,066
16Feb01	BPI American Opportunities Fund - Units	164,999	1,288
23Feb01	BPI Global Opportunities III Fund - Units	769,114	7,575
16Feb01	BPI Global Opportunities III Fund - Units	473,357	4,574
12Mar01	Burgundy Japan Fund - Units	195,000	11,901
05Mar01	Burgundy Small Cap Value Fund - Units	166,678	4,644
12Mar01	Burgundy Small Cap Value Fund - Units	195,000	5,317
05Mar01	Burgundy Smaller Companies Fund - Units	166,678	8,879
15Feb01	Campbell Soup Company - 6.75% Notes due 2011	$767,591	$500,000
25Feb01	Christian Millennial History Project Limited Partnership - Limited Partnership Units	150,000	150
28Feb01	CI Trident Fund - Units	768,050	4,432
31Jan01	CI Trident Fund - Units	196,818	1,182
07Mar01	Convedia Corporation - Series E Preference Shares	2,890,002	1,926,668
14Mar01	East West Resource Corporation - Common Shares	1,875	12,500
15Mar01	Exclamation International Incorporated - Senior Secured Convertible Debenture	6,000,000	1
14Mar01	First Horizon Holdings Ltd. - Class "I" Redeemable Convertible Non-Voting Shares	4,938,921	296,329
01Mar01	Foreign Equity Fund - Shares	US$1,211,462	76,144
18Jan01	Frank Russell Canada Ltd. - Unit	140	1
12Feb01	Hartford Financial Services Group, Inc., The - Common Stock	4,777,382	49,000
28Feb01	Highland Crusader Fund, Ltd. -	14,999,985	1,499
29Dec00	Hope Bay Gold Corporation Inc. - Units	3,000,000	8,333,334
22Feb01	International Curator Resources Ltd. - Flow-Through Common Shares	400,000	3,200,000
12Mar01	International Freegold Mineral Development Inc. - Property Acquisition	12,000	100,000
15Jan01	Lifepoints Achievement Fund - Units	2,808	27

Trans. Date	Security	Price ($)	Amount
24Jan01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	33,443	252
25Jan01	Lifepoints Achievement Fund, Lifepoints Opportunity Fund, Lifepoints Progress Fund - Units	250	2
18Jan01	Lifepoints Achievement Fund, Lifepoints Opportunity Fund, Lifepoints Progress Fund - Units	11,893	108
18Jan01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Fixed Income Fund, Russell Canadian Equity Fund, Russell Global Equity Fund - Units	229,886	2,006
22Jan01	Lifepoints Achievement Fund, Lifepoints Progress Fund - Units	10,728	102
25Jan01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	9,791	80
31Jan01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Overseas Equity Fund - Units	4,130	36
26Jan01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	36,397	236
16Jan01	Lifepoints Achievement Fund, Russell Canadian Equity Fund, Russell Global Equity Fund - Units	28,913	285
17Jan01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	23,072	197
24Jan01	Lifepoints Balanced Growth - Units	354	3
19Jan01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund, Russell U.S. Equity Fund - Units	193,691	1,679
25Jan01	Lifepoints Balanced Growth Fund, Russell Canadian Equity Fund, Russell Global Equity Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	40,756	373
30Jan01	Lifepoints Balanced Long Term Growth, Lifepoints Balanced Growth, Lifepoints Balanced Income - Units	16,500	149
31Jan01	Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Fixed Income Fund, Russell Global Equity Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	56,989	468
26Jan01	Lifepoints Balanced Long Term Growth Fund, Lifeopints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	241,798	2,251
31Jan01	Lifepoints Balanced Growth - Units	21,694	203
17Jan01	Lifepoints Balanced Long Term Growth, Lifepoints Balanced Growth, Lifepoints Balanced Income - Units	18,010	167
30Jan01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund - Units	35,369	331
23Jan01	Lifepoints Balanced Growth Fund, Russell Canadian Equity Fund, Russell Global Equity Fund - Units	13,786	113
22Jan01	Lifepoints Balanced Income Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Long Term Growth Fund - Units	12,904	118
24Jan01	Lifepoints Balanced Growth Fund - Units	6,324	59
22Jan01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	69,476	550
29Jan01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund, Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	117,088	918

Trans. Date	Security	Price ($)	Amount
23Jan01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund - Units,	114,366	888
26Jan01	Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	72,153	624
15Jan01	Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund, Russell U.S. Equity Fund - Units	36,115	538
18Jan01	Lifepoints Balanced Long Term Growth Fund, Russell Canadian Equity Fund, Russell Global Equity Fund - Units	101,380	832
19Jan01	Lifepoints Opportunity Fund, Russell Overseas Equity Fund - Units	406	3
19Jan01	Lifepoints Opportunity Fund, Russell Canadian Fixed Income Fund - Units	29,585	260
23Jan01	Lifepoints Opportunity Fund - Units	9,640	84
25Jan01	Lifepoints Opportunity Fund - Units	2,364	20
29Jan01	Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	27,290	252
15Jan01	Lifepoints Progress Fund - Units	1,115	10
16Mar01	Mainborne communications International Inc. - A Convertible Loan Agreement dated February 9, 2001 for US$1,000,000 of which is Convertible into Class "B" Common Shares	US$1,000,000	1,298,701
21Feb01	Markel Corporation - Common Shares	50,469	200
15Feb01	Navitrak International Corporation - Special Warrants	150,000	600,000
19Jan01	Nextel Communications, Inc. - 9.5% Senior Serial Redeemable Notes due 2011	$9,125,400	$6,000,000
08Mar01	O&Y Properties Corporation - Series A 6% Convertible Subordinated Debentures due September 25, 2007 in the aggregate principal amount of $3,000,000 Convertible into Common Shares	2,310,000	3,000,000
06Mar01	Occell Inc. - Special Warrants	150,000	58,366
15Mar01	Ormed Information Systems Ltd. - Common Shares	100,000	200,000
02Mar01	Oxbow Equities Corp. - Special Warrants	3,350,000	5,583,333
16Mar01	Phoenix Technology Services Ltd. - Common Shares	352,000	80,000
22Dec00	PRIME Capital CalQuake & EuroWind Ltd. - Notes due January 7, 2004	$6,119,600	$6,119,600
22Dec00	PRIME Capital Hurricane Ltd. - Notes due January 7, 2004	$10,709,300	$10,703,300
24Jan01	Russell Canadian Equity Fund - Units	29,640	158
25Jan01	Russell Canadian Equity Fund - Units	4,706	25
30Jan01	Russell Canadian Fixed Income Fund - Units	4,703	40
31Jan01	Russell Canadian Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	184,603	1,351
16Jan01	Russell Canadian Equity Fund, Russell U.S. Equity Fund - Unit	124	72
15Jan01	Russell Canadian Fixed Income Fund, Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Global Equity Fund - Units	2,223	20
17Jan01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Overseas Equity Fund, Russell U.S. Equity Fund, Russell Global Equity Fund - Units	69,522	650
17Jan01	Russell Canadian Equity Fund - Units	16,666	103
19Jan01	Russell Global Equity Fund - Units	20,000	215
01Feb01	Russell Overseas Equity Fund, Russell US Equity Fund - Units	12,197	99
28Dec00	Russell Overseas Equity Fund - Units	3,281	26
30Jan01	Russell Overseas Equity Fund - Units	3,375	28
22Dec00	Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	400,000	2,998
08Jan01	Russell U.S. Equity Fund - Units	1,739	12
19Dec00	Russell U.S. Equity Fund - Units	176,461	1,269
08mar01	SiberCore Technologies Incorporated - Common Shares	17,492,752	9,995,857

Trans. Date	Security	Price ($)	Amount
02Mar01 to 09Mar01	Silvercreek Limited Partnership - Units	259,170	5
01Nov00	Swan Lake (Markham) Limited Partnership - Class A Limited Partnership Interest	300,000	1
09Mar01	Tagalder (2000) Inc. - Common Shares	1,113,207	6,548,280
06Mar01	Tan Range Exploration Corporation - Special Warrants	2,150,000	5,375,000
30Nov00	Tenke Mining Corp. - Units	400,000	500,000
09Mar01	Tenke Mining Corp. - Common Shares	259,244	259,244
28Feb01	Trident Global Opportunities Fund - Units	850,049	8,500
08Jan01	United Mexican States - 8.375% Global Notes due 2011	$295,948	$200,000
09Mar01	Vision Logistics Group Inc. - Common Shares	526,020	478,200
14Mar01	Western Oil Sands Inc. - Class D Preferred Shares, Series A	12,000,000	666,667

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

Seller	Security	Amount
Scanfield Holdings Limited	Arbor Memorial Services Inc. - Class B Non-Voting Shares	15,000
Ridgway, Michael	Brocker Technology Group Ltd. - Common Shares	50,000
Ridgway, Michael	Brocker Technology Group Ltd. - Common Shares	50,000
American Farm Investment Corporation	Celetica Inc. - Subordinate Voting Shares	140,000
Black, Conrad M.	Hollinger Inc. - Series II Preference Shares	1,611,039
Gastle, Susan M.S.	Microbix Biosystems Inc. - Common Shares	275,000
Gastle, William J.	Microbix Biosystems Inc. - Common Shares	495,000
Faye, Michael R.	Spectra Inc. - Common Shares	219,000
Malion, Andrew J.	Spectra Inc. - Common Shares	217 000
Hawkins, Stanley G.	Tandem Resources Ltd. - Common Shares	2,000,000
059661 N.B. Ltd.	Vincor International Inc. - Common Shares	162,000

Chapter 9

Legislation

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

This Page Intentionally left blank

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Baytex Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 23rd, 2001
Mutual Reliance Review System Receipt dated March 27th, 2001
Offering Price and Description:
Offer to exchange all outstanding
US$150,000,000 10.5 % Senior Notes due 2011
(US$150,000,000 principal amount outstanding)
for US$150,000,000 10.5% Senior Notes due 2011
Underwriter(s) or Distributor(s):
TD Securities Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Yorkton Securities Inc.
Promoter(s):
-
Project #341866

Issuer Name:
Bro-X Minerals Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated March 5th, 2001
Mutual Reliance Review System Receipt dated March 23rd, 2001
Offering Price and Description:
Offer to Holders of Common Shares of 22,000,000, Rights to Subscribe for a maximum
of 22,000,000 Units (22,000,000 Series 2, Preferred Shares and 22,000,000 Shares Purchase Warrants)
@ $0.10 per Unit
Underwriter(s) or Distributor(s):
-
Promoter(s):
Bro-X Minerals Ltd.
Project #337316

Issuer Name:
Croft Select Securities Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated March 28th, 2001
Mutual Reliance Review System Receipt dated March 28th, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #342279

Issuer Name:
ePhone Telecom, Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated March 26th, 2001
Mutual Reliance Review System Receipt dated March 28th, 2001
Offering Price and Description:
$US13,264,056 - 13,436,316 Common Shares and 13,436,316 Shares Purchase Warrants
issuable upon the exercise of Special Warrants
Underwriter(s) or Distributor(s):
GroomeCapital.com Inc.

Promoter(s):
Robert G. Clarke
Project #342051

Issuer Name:
MRF 2001 Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated March 22nd, 2001
Mutual Reliance Review System Receipt dated March 22nd, 2001
Offering Price and Description:
$* to $5,000,000 - * to 200,000 Units
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Middlefield Securities Limited
Dundee Securities Corporation
Canaccord Capital Corporation
Raymond James Ltd.
Wellington West Capital Inc.
Promoter(s):
Middlefield Group Limited
MRF 2001 Management Limited
Project #340801

Issuer Name:
BCY LifeSciences Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated March 27th, 2001
Mutual Reliance Review System Receipt dated 27th day of March, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
BioCatalyst Yorkton Inc.
Project #336368

Issuer Name:
Citadel Hytes Fund
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated March 28th, 2001
Mutual Reliance Review System Receipt dated 28th day of March 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
BOM Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Research Capital Corporation
Promoter(s):
Citadel TEF Management Ltd.
Project #336443

Issuer Name:
IVRnet Inc. (Formerly Entrerplex Technology Corporation)
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated March 22nd, 2001
Mutual Reliance Review System Receipt dated 23rd day of March, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #323140

Issuer Name:
Marine Mining Corp.
Type and Date:
Final Prospectus dated March 2st, 2001
Receipt dated 23rd day of March, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #297343

Issuer Name:
Triangulum Corporation
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated March 23rd, 2001
Mutual Reliance Review System Receipt dated 28th day of March, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
BayStreetDirect Inc.
Promoter(s):
-
Project #327413

Issuer Name:
True Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated March 22nd, 2001
Mutual Reliance Review System Receipt dated 23rd day of March, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
FirstEnergy Capital Corp.
Peters & Co. Limited
Promoter(s):
John H. Cuthbertson
W.C. (Mickey) Dunn
Project #334204

Issuer Name:
zed.i solutions inc.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated March 21st, 2001
Mutual Reliance Review System Receipt dated 22nd day of March, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Yorkton Securities Inc.
FirstEnergy Capital Corp.
Promoter(s):
Keith Smith
M. J. Denis LaForge
Richard R. Charron
Project #327205

Issuer Name:
Bell Canada
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated March 21st, 2001
Mutual Reliance Review System Receipt dated 23rd day of March, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
TD Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #338779

Issuer Name:
Baytex Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 23rd, 2001
Mutual Reliance Review System Receipt dated 27th day of March, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #341866

Issuer Name:
Canadian Western Bank
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 26th, 2001
Mutual Reliance Review System Receipt dated 26th day of March, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #339922

Issuer Name:
GT Group Telecom Inc.
Type and Date:
Final Short Form Prospectus dated March 22nd, 2001
Receipt dated 22nd day of March, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #338262

Issuer Name:
NCE Petrofund
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 26th, 2001
Mutual Reliance Review System Receipt dated 27th day of March, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
National Bank Financial Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Yorkton Securities Inc.
Promoter(s):
-
Project #335480

Issuer Name:
NHC Communications Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated March 23rd, 2001
Mutual Reliance Review System Receipt dated 26th day of March, 2001
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Yorkton Securities Inc.
Promoter(s):
-
Project #339305

Issuer Name:
Fidelity Managed Income Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated March 20th, 2001
Mutual Reliance Review System Receipt dated 23rd day of March, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #332415

Issuer Name:
Meritas International Equity Fund
Meritas U.S. Equity Fund
Meritas Jantzi Social Index Fund
Meritas Canadian Bond Fund
Meritas Money Market Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated March 21st, 2001
Mutual Reliance Review System Receipt dated 27th day of March, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #324443

Issuer Name:
Orbit World Fund
Orbit Canadian Equity Fund
Orbit North American Equity Fund
Principal Regulator - Quebec
Type and Date:
Final Simplified Prospectus and Annual Information Form dated March 23rd, 2001
Mutual Reliance Review System Receipt dated 27th day of March, 2001
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #328891

Chapter 12

Registrations

12.1.1 Securities

Type	Company	Category of Registration	Effective Date
New Registration	The Brut ECN, LLC Attention: Brian K. Hyndman 55 Broadway 7th Floor New York NY 10006 USA	International Dealer	Mar 21/01
New Registration	Mueller Behavioural Analytics Inc. Attention: Horst Guenther Jakob Mueller 198 Glenvale Blvd. Toronto ON M4G 2N5	Securities Adviser	Mar 21/01
New Registration	Cambridge Associates, LLC c/o CT Corporation System (Canada) Ltd. 20 Queen Street West, Suite 1400 Toronto ON M5H 2V3	International Investment Counsel & Portfolio Manager	Mar 23/01
New Registration	Vaidila, Dainius Pranas Attention: Dainius Pranas Vaidila 6295 Gulf Blvd., Suite 7 P.O. Box 66057 St. Pete Beach FL 33706-6057 USA	Non-Canadian Advisor Investment Counsel & Portfolio Manager	Mar 27/01
Change of Name	Attention: Marvin Yontef c/o Stikeman Elliott Commerce Court West, Suite 5300 Toronto ON M5L 1B9	From: Wasserstein Perella Securities, Inc. To: Dresdner Kleinwort Wasserstein - Grantchester, Inc.	Mar 5/01
Change of Name	Attention: Marvin Yontef c/o Stikeman Elliott Commerce Court West, Suite 5300 Toronto ON M5L 1B9	From: Wasserstein Perella & Co., Inc. To: Dresdner Kleinwort Wasserstein, Inc.	Mar 02/01
Change of Name	Dardan Capital Financial Ltd. Attention: Daniel Pliskow 628 Wellington St. London ON N6A 3R9	From: Dardan Capital Financial Planning Ltd. To: Dardan Capital Financial Ltd.	Jan 11/01
Change of Name	Aberdeen Asset Managers (C.I.) Limited Attention: Laurence Stephen Freedman 17 Bond Street P.O. Box 578 St. Helier Jersey Channel Islands	From: Equitilink International Management Limited To: Aberdeen Asset Managers (C.I.) Limited	Jan 15/01

Type	Company	Category of Registration	Effective Date
Change of Name	Ryan, Beck & Co., LLC Attention: Kenneth G. Ottenbreit Commerce Court West, 53rd Floor P.O. Box 85 c/o 152928 Canada Inc. Toronto ON M5L 1B9	From: Ryan, Beck & Co., Inc. To: Ryan, Beck & Co., LLC	Jan 02/01

Chapter 13

SRO Notices and Disciplinary Proceedings

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

This Page Intentionally left blank

Chapter 25

Other Information

25.1 Consent

25.1.1 Greater Lenora Resources Corp. - ss. 4(b), OBCA Reg.

Headnote

Consent given to OBCA Corporation to continue under the CBCA.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B16, s am., s. 181.
Securities Act, R.S.O. 1990, c. S5, as am.

Regulations Cited

Regulation made under the Business Corporation Act, R.R.O., O. Reg. 289/00, s. 4(b).

IN THE MATTER OF
THE REGULATION UNDER
THE BUSINESS CORPORATIONS ACT (ONTARIO)
R.S.O. 1990, c.B.16 (THE "OBCA") AND
O. REG. 289/00 (THE "REGULATION")

AND

IN THE MATTER OF
GREATER LENORA RESOURCES CORP.

CONSENT
(Subsection 4(b) of the Regulation under the OBCA)

UPON the application of Greater Lenora Resources Corp. (the "Corporation") to the Ontario Securities Commission (the "Commission") requesting a consent from the Commission to continue in another jurisdiction pursuant to subsection 51(2)(b) of the Regulation;

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

AND UPON the Corporation having represented to the Commission that:

1. The application for continuance is proposed to enable the Corporation to conduct its affairs in accordance with the Canada Business Corporations Act (the "CBCA"), including the carrying out of a statutory arrangement (the "Arrangement") under s.192 of the CBCA pursuant to an Arrangement Agreement dated January 30, 2001 among the Corporation, 3796299 Canada Inc. ("3796299"), 3851419 Canada Inc. ("3851419") and Glacier Ventures International Corp.
2. The Arrangement is subject to the approval of the shareholders of the Corporation and the British Columbia Supreme Court. The approval of the shareholders will be sought at a special meeting of shareholders scheduled to be held on or about May 1, 2001.
3. The Corporation was formed by amalgamation under the OBCA on December 31, 1988.
4. The Corporation is an offering corporation as such term is defined under the OBCA and is a reporting issuer as such term is defined under the *Securities Act* (Ontario) (the "Act").
5. The Corporation is not in default under any of the provisions of the Act or the regulation made under the Act.
6. The Corporation presently intends to continue to be a reporting issuer in the Province of Ontario.
7. The Corporation received shareholder approval to the Continuance under the CBCA by special resolution at a special meeting of the shareholders held on March 5, 2001.
8. The material rights, duties and obligations of a corporation incorporated under the CBCA are substantially similar to those under the OBCA.

THE COMMISSION HEREBY CONSENTS to the continuance of the Corporation from the OBCA to the CBCA.

March 23, 2001.

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

25.2.1 Securities

RELEASE FROM ESCROW

COMPANY NAME	DATE	NUMBER AND TYPE OF SHARES	ADDITIONAL INFORMATION
Ionic Energy Inc.	March 22, 2001	124,752 common shares	Conditional upon acceptance of offer to purchase all outstanding shares of Ionic Energy Inc.
ASTOUND Incorporated	March 22, 2001	830,467 common shares	Conditional upon completion of plan of arrangement and court approval.

Index