

The Ontario Securities Commission

OSC Bulletin

October 26, 2001

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

The Ontario Securities Commission
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Toronto, Ontario
M5H 3S8

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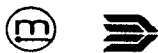


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Notices / News Releases

1.1 Notices

SCHEDULED OSC HEARINGS

1.1.1 Current Proceedings Before The Ontario Securities Commission

October 26, 2001

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

Date to be announced

Mark Bonham and Bonham & Co. Inc.

s. 127

Staff: TBA

Panel: TBA

October 24/2001
10:00 a.m.

Sohan Singh Koonar

s. 127 and 127.1

Ms. Johanna Superina in attendance for staff.

Panel: PMM

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

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

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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
H. Lorne Morphy, Q. C.	—	HLM
R. Stephen Paddon, Q.C.	—	RSP

October 29/2001
9:00 a.m.

YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth

October 30/2001
2:00 p.m.

E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen

November 6-9
November 13-16

Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder,

December 4, 6,
7, 13, 14, 18 &
20/2001

Griffiths Mcburney & Partners, National Bank Financial Corp.,

(formerly known as First Marathon Securities Limited)

9:30 a.m.

s. 127

K. Daniels / M. Code / J. Naster / I. Smith in attendance for staff.

Panel: HIW / DB / RWD

November
12/2001
9:30 a.m.

Arlington Securities Inc. and Samuel Arthur Brian Milne

s. 127

Ms. Johanna Superina in attendance for staff.

Panel: HIW / MTM / HLM

ADJOURNED SINE DIE

November
14/2001
2:00 p.m.

**Sohan Singh Koonar, Sports & Injury
Rehab Clinics Inc., Selectrehab Inc.,
Shakti Rehab Centre Inc., Niagara
Falls Innury Rehab Centre Inc.,
962268 Ontario Inc., Apna Health
Corporation and Apna Care Inc.**

s. 127

Ms. Johanna Superina in attendance for
staff.

Panel: PMM

November
30/2001
10:00 a.m.

Rampart Securities Inc.

s. 127

Staff in attendance Ms. Tracy Pratt

Panel: PMM

December
5/2001
10:00 a.m.

**Teodosio Vincent Pangia, Agostino
Capista And Dallas/north Group Inc.**

s. 127

Ms. Yvonne Chisholm in attendance for
Staff

Panel: TBA

December
5 /2001
10:00 a.m.

**Livent Inc., Garth Drabinsky, Myron I.
Gottlieb, Gordon Eckstein, Robert
Topol**

s. 127 and 127.1

Ms. Johanna Superina in attendance for
staff.

Panel: HIW

December
17/2001
10:00 a.m.

James Frederick Pincock

ss. 127

Ms. Johanna Superina in attendance for
staff.

Panel: PMM

January
3/2002

Jack Banks et al.

s. 127

Mr. Ian Smith in attendance for staff.

Panel: PMM

**Buckingham Securities Corporation,
Lloyd Bruce, David Bromberg, Harold
Seidel, Rampart Securities Inc., W.D.
Latimer Co. Limited, Canaccord Capital
Corporation, BMO Nesbitt Burns Inc.,
Bear, Stearns & Co. Inc., Dundee
Securities Corporation, Caldwell
Securities Limited and B2B Trust**

Michael Bourgon

**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**

**Ricardo Molinari, Ashley Cooper,
Thomas Stevenson, Marshall Sone, Fred
Elliott, Elliott Management Inc. and
Amber Coast Resort Corporation**

**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
Ayles, David Arthur Bending, Marlene
Berry, Douglas Cross, Allan Joseph
Dorsey, Allan Eizenga, Guy Fangeat,
Richard Jules Fangeat, Michael Hersey,
George Edward Holmes, Todd Michael
Johnston, Michael Thomas Peter
Kennelly, John Douglas Kirby, Ernest
Kiss, Arthur Krick, Frank Alan Latam,
Brian Lawrence, Luke John Mcgee, Ron
Masschaele, John Newman, Randall
Novak, Normand Riopelle, Robert Louis
Rizzuto, And Michael Vaughan**

S. B. McLaughlin

Southwest Securities

Terry G. Dodsley

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

November 9/
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

November
15/2001
9:00 a.m.

Einar Bellfield

s. 122

Ms. Sarah Oseni in attendance for staff.

Courtroom 111, Provincial
Offences Court
Old City Hall, Toronto

Reference:

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

**1.1.2 National Instrument 33-105 Underwriting
Conflicts and Companion Policy 33-105CP**

National Instrument 33-105 Underwriting Conflicts

**NOTICE OF COMMISSION APPROVAL OF
NATIONAL INSTRUMENT 33-105
UNDERWRITING CONFLICTS
AND COMPANION POLICY 33-105CP**

On October 2, 2001, the Commission made National Instrument 33-105 Underwriting Conflicts (the "National Instrument") as a rule under the Act, and adopted Companion Policy 33-105CP to National Instrument 33-105 Underwriting Conflicts (the "Companion Policy") as a policy under the Act.

Drafts of the National Instrument and Companion Policy were previously published for comment on February 6, 1998 at (1998), 21 OSCB 781, and on June 22, 2001 at (2001), 24 OSCB 3805.

The National Instrument and the Companion Policy were delivered to the Minister of Finance on October 19, 2001 and are being published in Chapter 5 of the Bulletin.

1.2 Notices of Hearing

1.2.1 Teodosio Vincent Pangia et al.

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

AND

**IN THE MATTER OF
TEODOSIO VINCENT PANGIA,
AGOSTINO CAPISTA AND
DALLAS/NORTH GROUP INC.**

NOTICE OF HEARING

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the Securities Act, R.S.O. 1990, c.S.5, as amended (the "Act") at the offices of the Commission on the 17th Floor, Main Hearing Room Room, 20 Queen Street West, Toronto, Ontario commencing on Wednesday, December 5, 2001 at 10:00 a.m. or as soon thereafter as the hearing can be held:

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

- (a) Teodosio Vincent Pangia ("Pangia") cease trading in securities permanently or for such period as the Commission may order;
- (b) Agostino Capista ("Capista") cease trading in securities permanently or for such period as the Commission may order;
- (c) Dallas/North Group Inc. ("Dallas North") cease trading in securities permanently or for such period as the Commission may order;
- (d) the exemptions contained in Ontario securities law do not apply to Pangia permanently or for such period as the Commission may order;
- (e) the exemptions contained in Ontario securities law do not apply to Capista permanently or for such period as the Commission may order;
- (f) the exemptions contained in Ontario securities law do not apply to Dallas North permanently or for such period as the Commission may order;
- (g) Pangia resign any positions he holds as a director or officer of any issuer;
- (h) Pangia be prohibited from becoming or acting as a director or officer of any issuer permanently or for such period as the Commission may order;
- (i) Capista resign any positions he holds as a director or officer of any issuer;

- (j) Capista be prohibited from becoming or acting as a director or officer of any issuer permanently or for such period as the Commission may order;
- (k) Pangia, Capista and Dallas North be reprimanded;
- (l) Pangia, Capista and Dallas North, or any of them, pay the costs of Staff's investigation and this proceeding; and/or
- (m) such other order as the Commission may deem appropriate.

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

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

AND TAKE FURTHER NOTICE that upon the failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

October 22, 2001.

'John Stevenson'

1.2.2 Teodosio Vincent Pangia et al. - Statement of Allegations

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

AND

**IN THE MATTER OF
TEODOSIO VINCENT PANGIA,
AGOSTINO CAPISTA AND
DALLAS/NORTH GROUP INC.**

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

Staff of the Ontario Securities Commission (the "Commission") makes the following allegations:

A. BACKGROUND

1. Teodosio Vincent Pangia ("Pangia") was, at all material times, the President and a director of Dallas/North Group Inc. ("Dallas North") and President, Chairman and Chief Executive Officer of E.P.A. Enterprises Inc. ("EPA"). Pangia had been registered with the Commission in 1988 and 1989 but was not registered during 1995 and 1996.
2. Agostino Capista ("Capista") was the incorporator and first director of Dallas North. At the relevant time, Capista was the Secretary, Treasurer and/or a director of Dallas North.
3. Dallas North was a private company incorporated in Ontario on May 14, 1991. Dallas North purported to be in the equestrian business. In the period March 1995 to October 1995, Dallas North was used by Pangia and Capista as a vehicle for the receipt of funds from the sale of shares of EPA, as described below.
4. Envirovision International Inc. ("Envirovision") was incorporated in Ontario on June 7, 1995 by Vicki Laughren ("Laughren") at the behest of Pangia. Laughren was the sole director and officer of Envirovision. Pangia asked Laughren to incorporate Envirovision to facilitate the sale of EPA shares by providing banking and administrative support. Envirovision was dissolved in late 1999.
5. EPA was incorporated in British Columbia on January 9, 1987 as 319980 B.C. Ltd. Its name was changed to Trend-Set Industries International Inc. on February 17, 1987 and to EPA on September 16, 1993. EPA purported to be engaged in the development of a device for the reduction of automobile emissions, known as the Combustion Efficiency Management Catalyst.
6. EPA was a reporting issuer in British Columbia, and its shares traded on the Vancouver Stock Exchange (the

"VSE"). On March 3, 1995, EPA asked the VSE to halt trading pending an announcement. On March 8, 1995, the VSE issued a Notice indicating that trading in EPA shares remained halted pending a reverse take-over. Trading in EPA shares remained halted or suspended until March 5, 1996, at which time EPA shares were delisted by the VSE. In addition, during the period July 26, 1995 to August 18, 1995, all trading in EPA shares was cease traded by the British Columbia Securities Commission.

B. OVERVIEW OF ALLEGATIONS

7. During the period March 1995 to February 1996, Pangia, Capista and/or Dallas North sold at least 452,000 shares of EPA to members of the public in approximately 113 transactions. The purchasers paid at least \$1,386,100 for these shares. The monies were paid to either Dallas North or Envirovision.
8. Pangia and/or Capista traded these EPA shares without being registered to do so. Pangia, Capista and Dallas North effected the trades with the assistance of three registered representatives (one of whom was the Branch Manager and a Vice-President) at TD Evergreen ("TD Evergreen"). In 1995, TD Evergreen was a division of TD Evergreen Investment Services Inc. and in 1996 a division of TD Securities Inc. The sales of EPA shares were not processed through the books and records of TD Evergreen. The purchasers were directed to make cheques payable to Dallas North or Envirovision.
9. In addition, Pangia traded in EPA shares in Ontario between June 1995 and August 1995, where such trading was a distribution of those securities, without the required filing of a preliminary prospectus and prospectus.

C. UNREGISTERED TRADING

10. At all material times, neither Pangia nor Capista were registered to trade in a security as required by section 25 of the Securities Act, R.S.O. 1990, c.S.5, as amended (the "Act"). None of the EPA trades were exempt under the Act.
11. In 1994, Simon Kin-Ho Tam ("Tam") was hired by TD Evergreen to set up a branch office in Scarborough, Ontario. Tam's primary mandate was to target the Chinese-Canadian community.
12. At all material times, Tam was registered with the Commission as a registered representative, Branch Manager and Vice-President at TD Evergreen. In addition to Tam, two other registered representatives employed at the TD Evergreen Scarborough branch were involved in EPA shares: Woody Woo-Keung Wu ("Wu") and April Shuk-Fan Che ("Che").
13. Between March 1995 and February 1996, Pangia, Capista and/or Dallas North, with the assistance of Tam, Wu and Che, sold at least 452,000 EPA shares to members of the public. These sales were "off book";

they were not recorded in the books and records of TD Evergreen.

14. The trading in EPA shares was primarily orchestrated and directed by Pangia. In respect of most of the EPA transactions during the material time, Pangia:

- (a) instructed Tam as to the number of EPA shares available for sale;
- (b) instructed Tam as to the price at which the EPA shares should be sold;
- (c) instructed Tam as to which entity the cheque for the purchase of the shares should be made payable; and
- (d) provided Tam with EPA share certificates that Pangia, Capista and/or Dallas North owned or controlled.

15. Approximately 113 transactions, involving 90 members of the public, were carried out during the material time. In total, about at least 452,000 EPA shares were sold in an eleven month period. The proceeds of these sales exceeded \$1.38 million.

16. At the instruction of Pangia, the proceeds of the sale of EPA shares were made payable to Dallas North or Envirovision. Receipts were issued by Dallas North or Envirovision to the purchasers. The Dallas North receipts were typically signed by Capista; the Envirovision receipts were typically signed by Laughren. At a later date EPA shares were either delivered or journalled into the purchasers' accounts at TD Evergreen. In most instances, the delivery or journal into the purchasers account occurred months after the payment.

17. Pangia and Capista, at the material time, operated and controlled Dallas North by virtue of their positions, as set out at paragraphs 1 and 2, above.

18. Pangia asked Laughren to set up a company in order to facilitate the EPA share sales. Accordingly, Laughren incorporated Envirovision. Laughren was the sole officer and director of Envirovision.

19. Envirovision's sole source of revenue was from the sale of EPA shares. Laughren disbursed funds from the Envirovision account at the direction of Pangia, a significant portion of which was paid directly to Pangia.

D. ILLEGAL DISTRIBUTION

20. In at least fifteen of the EPA sales transactions, the following occurred:

- (a) individuals purchased EPA shares;
- (b) the funds were paid to Envirovision;
- (c) Pangia exercised EPA options;

(d) EPA shares certificates were issued from treasury in the name of Pangia; and

(e) certain of these shares were delivered by Pangia to Tam for deposit into the purchaser's account at TD Evergreen.

21. The distributions described in paragraph 20 contravened section 53 of the Act; those distributions were trades in securities that had not been previously issued. No preliminary prospectus and prospectus were filed, and no receipt obtained from the Director of the Commission.

22. The aforementioned distributions involved at least 26,000 EPA shares, for which the purchasers paid approximately \$84,500 in total.

E. CONDUCT CONTRARY TO THE PUBLIC INTEREST

23. The respondents' whole course of conduct, as set out above, contravened Ontario securities law and was contrary to the public interest.

24. Staff reserves the right to make such other allegations as Staff may advise and the Commission permit.

October 22, 2001.

1.3 News Releases

1.3.1 Teodosio Vincent Pangia et al.

FOR IMMEDIATE RELEASE
October 23, 2001

**OSC PROCEEDINGS
IN THE MATTER OF
TEODOSIO VINCENT PANGIA,
AGOSTINO CAPISTA AND
DALLAS/NORTH GROUP INC.**

Toronto - The Ontario Securities Commission (the "OSC") has issued a Notice of Hearing and related Statement of Allegations against Teodosio Vincent Pangia ("Pangia"), Agostino Capista ("Capista") and Dallas/North Group Inc. ("Dallas North"). The allegations made by the Staff of the OSC include the following:

- During the period between March 1995 and February 1996, Pangia, Capista and/or Dallas North sold shares of E.P.A. Enterprises Inc. ("EPA") to members of the public. In total, at least 452,000 EPA shares were sold to about 90 members of the public. The proceeds of these sales exceeded 1.38 million dollars.
- Pangia was the President, Chairman and Chief Executive Officer of EPA, and the President and a director of Dallas North. Capista was the Secretary, Treasurer and/or a director of Dallas North.
- At all material times, neither Pangia nor Capista were registered to trade in securities as required by section 25 of the *Securities Act* (Ontario)(the "Act").
- The trades in EPA shares were effected with the assistance of three employees of TD Evergreen. The trades were "off book"; they were not recorded on the books and records of TD Evergreen.
- The purchasers of EPA shares were directed to make cheques payable to Dallas North or a company by the name of Envirovision International Inc.
- Pangia and Capista operated and controlled Dallas North by virtue of their positions with that company.
- In at least fifteen of the EPA sales transactions between June and August, 1995, Pangia traded in EPA shares contrary to section 53 of the Act. The trading was a distribution for which a preliminary prospectus and prospectus should have been filed, and receipts obtained from the Director of the OSC. No preliminary prospectus or prospectus were filed, and no receipts obtained.

The first appearance in this matter will be held at 10:00 a.m. on Wednesday, December 5, 2001 in the Main Hearing Room of the OSC located on the 17th Floor, 20 Queen Street West, Toronto, Ontario.

The purpose of this first appearance is to set a date for the hearing. A copy of the Notice of Hearing and Statement of Allegations is attached to this release and is also available at the Commission's website at www.osc.gov.on.ca or from the OSC, 19th Floor, 20 Queen Street West, Toronto, Ontario.

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1.3.2 Sohan Singh Koonar et al.

For Immediate Release
October 24, 2001

**OSC PROCEEDING IN RESPECT OF
SOHAN SINGH KOONAR,
SPORTS & INJURY REHAB CLINICS INC.,
SELECTREHAB INC.,
SHAKTI REHAB CENTRE INC.,
NIAGARA FALLS INJURY REHAB CENTRE INC.,
962268 ONTARIO INC.,
APNA HEALTH CORPORATION
AND APNA CARE INC.**

Toronto - The hearing before the Ontario Securities Commission (the "Commission"), in respect of Sohan Singh Koonar, Sports & Injury Rehab Clinics Inc., SelectRehab Inc., Shakti Rehab Centre Inc., Niagara Falls Injury Rehab Centre Inc., 962268 Ontario Inc., Apna Health Corporation and Apna Care Inc., previously scheduled for October 24, 2001, has now been adjourned to November 14, 2001 at 2:00 p.m.

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

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 BLC Edmond De Rothschild Asset Management Inc.

Headnote

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

Statutes Cited

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

Rules Cited

Ontario Securities Commission Rule 45-501 - *Exempt Distributions* (1998) 21 OSCB 6548.

Ontario Securities Commission Rule 81-501 - *Mutual Fund Reinvestment Plans* (1998) 21 OSCB 2713.

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

AND

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

AND

IN THE MATTER OF
BLC EDMOND DE ROTHSCHILD ASSET MANAGEMENT
INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (the "Jurisdictions") has received an application from BLC Edmond de Rothschild Asset Management Inc. (the "Applicant") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

- (a) certain trades in units ("Units") of R LCH Fund open-end unit trust (the "Fund") to be established by the Applicant are not subject to the prospectus requirements of the Legislation of Manitoba, Ontario, Quebec, New Brunswick, Newfoundland and Prince Edward Island (the "Prospectus Jurisdictions") or to the registration requirements of the Legislation of Manitoba, Ontario, Quebec, New Brunswick, Newfoundland and Prince Edward Island (the "Registration Jurisdictions"); and
- (b) trades in Units are not subject to the requirements of the Legislation of the Jurisdictions other than Manitoba relating to the filing of forms and the payment of fees within 10 days of each trade, subject to certain conditions.

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

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

1. the Applicant is registered under the Legislation of Québec as an adviser with an unrestricted practice and under the Legislation of Ontario as an adviser in the categories of investment counsel and portfolio manager;
2. the Applicant intends to establish the Fund pursuant to a declaration of trust for which Laurentian Trust Company of Canada will act as the trustee and the Applicant will act as the manager and promoter. The Fund will be a "mutual fund" as defined in the Legislation;
3. the Fund does not currently intend to become a reporting issuer, as such term is defined in the Legislation, and the Units of the Fund will not be listed on any stock exchange;
4. the Fund will be divided into Units which will evidence the undivided interest of each unitholder (collectively

the "Unitholders") in the assets of the Fund. Units of the Fund will be non-transferable but will be redeemable in accordance with the procedures set out in the Declaration of Trust of the Fund;

5. The initial minimum investment (the "Initial Minimum Investment") in the Fund by an investor in a Jurisdiction will be not less than the minimum aggregate purchase amount prescribed by the applicable Legislation of such Jurisdiction (the "Prescribed Amount") and will be made in reliance upon the prospectus exemptions in each of the Jurisdictions, and upon the dealer registration exemptions in each of the Jurisdictions other than Ontario and Quebec (the "Private Placement Exemption");
6. In Ontario and Quebec, Units distributed at the time of the Initial Minimum Investment will only be sold to purchasers resident in the Jurisdiction through securities dealers registered in that Jurisdiction;
7. the Initial Minimum Investment in the Fund by a resident of any Jurisdiction will be not less than the Prescribed Amount in that Jurisdiction;
8. following the Initial Minimum Investment, it is proposed that Unitholders who were sold Units in reliance upon the Private Placement Exemption be able to purchase additional Units ("Subscribed Units") of the Fund in increments of less than the Prescribed Amount, provided that at the time of such subsequent acquisition the investor holds Units of the Fund with an aggregate acquisition cost or aggregate net asset value of at least the Prescribed Amount; and
9. the Fund proposes to distribute additional Units ("Reinvested Units") by way of automatic reinvestment of distributions to Unitholders of the Fund;

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

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

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

- (a) the registration requirements contained in the Legislation of the Registration Jurisdictions, and the prospectus requirements contained in the Legislation of the Prospectus Jurisdictions shall not apply to
 - (i) the issuance of Subscribed Units of the Fund to a Unitholder of the Fund provided that
 - (1) the initial investment in Units of the Fund was pursuant to the Private Placement Exemption,

- (2) at the time of the issuance of such Subscribed Units, the Unitholder then owns Units of the Fund having an aggregate acquisition cost or an aggregate net asset value of not less than the Prescribed Amount of the applicable Prospectus Jurisdiction,

- (3) at the time of the issuance of such Subscribed Units, the Applicant is registered under the Legislation of Quebec as an adviser with an unrestricted practice and under the Legislation of Ontario as an adviser in the categories of investment counsel and portfolio manager and such registration is in good standing, and

- (4) this clause (i) will cease to be in effect with respect to a Prospectus Jurisdiction 90 days after the coming into force of any legislation, regulation or rule in such Jurisdiction relating to the distribution of Subscribed Units of pooled funds; and

- (ii) an issuance of Reinvested Units of the Fund to a Unitholder of the Fund provided that

- (1) no sales commission or other charge in respect of such issuance of Reinvested Units is payable, and

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

provided that the first trade in Subscribed Units and Reinvested Units that are issued pursuant to this Decision shall be deemed to be a distribution or a primary distribution to the public under the Legislation of the Jurisdiction in which

the trade takes place (the "Applicable Legislation"), unless otherwise exempt thereunder or unless such first trade is made in the following circumstances:

- (w) the Fund is a reporting issuer or the equivalent under Applicable Legislation;
 - (x) if the seller of the Subscribed Units or Reinvested Units is in a special relationship (as defined in the Applicable Legislation) with the Fund, the seller has reasonable grounds to believe that the Fund is not in default of any requirement of the Applicable Legislation;
 - (y) no unusual effort is made to prepare the market or to create a demand for the Subscribed Units or Reinvested Units and no extraordinary commission or consideration is paid in respect of such trade; and
 - (z) the Subscribed Units have been held for a period of at least eighteen months from the date they were acquired by the seller of the Subscribed Units or the Reinvested Units have been held for a period of at least eighteen months from the date they were acquired by the seller of the Reinvested Units.
- (b) the requirements contained in the Legislation of the Jurisdictions other than Manitoba to file a report of a distribution of Units under the Private Placement Exemption or of Subscribed Units within 10 days of such trade shall not apply to such trade, provided that within 30 days after each financial year end of the Fund, the Fund:
- (i) files with the applicable Decision Maker a report in respect of all trades in Units of the Fund during such financial year, in the form prescribed by the applicable Legislation, and
 - (ii) remits to the applicable Decision Maker the fee prescribed by the applicable Legislation.

THE DECISION of the Decision Maker in Quebec is subject to the further condition that the Fund file with the Decision Maker in Quebec, within 140 days of the end of each financial year, annual audited financial statements.

October 16, 2001.

"Guy Lemoine"

"Viateur Gagnon"

2.1.2 TD Securities Inc. And The Toronto-Dominion Bank

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - issuer is a related issuer in respect of registrant that is underwriting proposed distribution of common shares by the issuer - registrant exempt from the independent underwriter requirement in the legislation, subject to certain conditions being met.

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., 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
ALBERTA, ONTARIO,
QUEBEC AND NEWFOUNDLAND**

AND

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

AND

**IN THE MATTER OF
TD SECURITIES INC.
AND
THE TORONTO-DOMINION BANK**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authorities or regulators (the "Decision Makers") in Alberta, Ontario, Quebec and Newfoundland (the "Jurisdictions") have received an application from TD Securities Inc. ("TDSI") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, in connection with a public offering (the "Offering") of common shares (the "Common Shares") of The Toronto-Dominion Bank (the "Bank") pursuant to a short form prospectus (the "Prospectus"), the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from acting as underwriter in connection with a distribution of securities of a related issuer (or the equivalent) or a connected issuer (or the equivalent) shall not apply to TDSI;

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 TDSI has represented to the Decision Makers that:

1. The Bank is a Schedule 1 chartered bank governed by the Bank Act (Canada) and is a reporting issuer under the Legislation. The Bank is not in default of any requirement of the Legislation.
2. A preliminary short form prospectus dated October 12, 2001 (the "Preliminary Prospectus") has been filed by the Bank in respect of the Offering in all of the provinces and territories of Canada in accordance with applicable securities legislation.
3. The Common Shares will be offered by TDSI, RBC Dominion Securities Inc. ("RBC DS"), BMO Nesbitt Burns Inc., Scotia Capital Inc., CIBC World Markets Inc., Merrill Lynch Canada Inc., National Bank Financial Inc., HSBC Securities (Canada) Inc., UBS Bunting Warburg Inc. and Trilon Securities Corporation (collectively, the "Underwriters").
4. The proportionate share of the Offering to be underwritten by each of the Underwriters is set out below:

TDSI	30.0%
RBC DS	20.0%
BMO Nesbitt Burns Inc.	11.5%
Scotia Capital Inc.	11.5%
CIBC World Markets Inc.	11.5%
Merrill Lynch Canada Inc.	5.5%
National Bank Financial Inc.	5.5%
HSBC Securities (Canada) Inc.	2.0%
UBS Bunting Warburg Inc.	1.5%
Trilon Securities Corporation	1.0%
5. TDSI is a wholly-owned subsidiary of the Bank. Accordingly, the Bank can be considered to be a "related issuer" (or the equivalent) of TDSI for purposes of the Offering within the meaning of the Legislation.
6. The Bank is not a "related issuer" (or the equivalent) or a "connected issuer" (or the equivalent) of any of the other Underwriters for the purposes of the Legislation.
7. The Underwriters will receive no benefit pursuant to the Offering other than the payment of their fees in connection therewith.
8. RBC DS participated in the drafting of the Preliminary Prospectus, the structuring of the Offering and the pricing of the Common Shares and has participated and will participate in the drafting of the Prospectus and the due diligence relating to the Offering.
9. RBC DS will be an independent underwriter as defined in the draft of Multi-Jurisdictional Instrument 33-105 Underwriting Conflicts (the "Proposed Instrument").
10. RBC DS' participation in the Offering, together with the details of the relationship existing between the Bank

and TDSI, will be described in the body of the Prospectus. The body of the Prospectus will contain the information specified by Appendix C to the Proposed Instrument.

11. The Bank is not in financial difficulty and is not under any financial pressure to undertake the Offering.
12. The certificate in the Prospectus will be signed by the Underwriters, including RBCDS.

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 TDSI in connection with the Offering, provided that:

- (a) RBC DS participates in the Offering as stated in paragraphs 4 and 8 above; and
- (b) RBC DS' participation in the Offering (as stated in paragraphs 4 and 8 above) and the relationship between the Bank and TDSI are fully disclosed in the body of the Prospectus.

October 17, 2001.

"J.A. Geller"

"H.Lorne Morphy"

2.1.3 Vanteck (VRB) Technology Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Section 144 - relief from the takeover bid requirements given only because of the unique circumstances of the offer and the de minimis connection to Canada, subject to conditions - variation of a previous decision in order to apply to further extensions of the offer.

Statutes Cited

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

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

AND

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

AND

**IN THE MATTER OF
VANTECK (VRB) TECHNOLOGY CORP.**

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta and Ontario (the "Jurisdictions") has received an application from Vanteck (VRB) Technology Corp. (the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") varying the decision of the Decision Makers entitled In the Matter of Vanteck (VRB) Technology Corp. dated September 11, 2001 (the "Previous Decision");

AND WHEREAS the terms "Take Over Bid Requirements", "Offer" and "Extension" each have the respective meaning ascribed to them under the Previous Decision;

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

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

1. the Previous Decision provided that the Filer was exempt from the Take Over Bid Requirements in respect of the Offer during the Extension provided that the Filer issued a press release, delivered and filed a notice and complied with applicable Australian laws;
2. the Filer has complied with the conditions in the Previous Decision;

3. the Filer now proposes to further extend the Offer to October 12, 2001, and may in the future determine to again extend the Offer;

AND WHEREAS under the System, the MRRS Decision document evidences the decision of each of the Decision Makers (collectively, the "Decision");

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

THE DECISION of the Decision Makers under the Legislation is that, effective September 21, 2001, the Previous Decision be varied by

- (a) amending paragraph 16 by deleting the phrase "(the "Extension)"; and
- (b) deleting all references in the Previous Decision to "the Extension" and replacing them with "any extension".

September 25, 2001.

"Brenda Leong"

2.1.4 Maestral Money Market Fund et al. - MRRS Decision

Headnote

Extension of lapse date.

Statutes Cited

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

Rules Cited

National Instrument 81-101 entitled Mutual Fund Prospectus Disclosure.

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
QUEBEC, BRITISH COLUMBIA, ALBERTA,
SASKATCHEWAN, MANITOBA, ONTARIO,
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
MAESTRAL MONEY MARKET FUND,
MAESTRAL CANADIAN BOND FUND,
MAESTRAL ASSET ALLOCATION FUND,
MAESTRAL CANADIAN EQUITY FUND,
MAESTRAL GROWTH EQUITY FUND,
MAESTRAL AMERICAN EQUITY FUND,
MAESTRAL GLOBAL EQUITY FUND,
MAESTRAL GLOBAL EQUITY RSP FUND,
MAESTRAL TECHNOLOGY & TELECOMMUNICATIONS
FUND,
MAESTRAL HEALTH & BIOTECHNOLOGY FUND**

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of Quebec, British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, Prince Edward Island, and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Desjardins Trust Investment Services Inc. (the "Manager"), the manager of Maestral Money Market Fund, Maestral Canadian Bond Fund, Maestral Asset Allocation Fund, Maestral Canadian Equity Fund, Maestral Growth Equity Fund, Maestral American Equity Fund, Maestral Global Equity Fund, Maestral Global Equity RSP Fund, Maestral Technology & Telecommunications Fund, Maestral Health & Biotechnology Fund (together, the "Funds") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the lapse date for the

renewal of the simplified prospectus and annual information form of the securities of the Funds (the "Prospectus") be extended to those time limits that would be applicable if the lapse date of the Prospectus was October 9, 2001;

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

- (a) The Manager is a corporation incorporated under the laws of Quebec. The Manager is the manager of the Funds.
- (b) The Funds are open-ended mutual fund trusts established by the Manager under the laws of Quebec.
- (c) The Funds are reporting issuers under the Legislation and are not in default of any requirements of the Legislation or the regulations made thereunder.
- (d) Pursuant to the Legislation or the regulations made thereunder, the earliest lapse date (the "Lapse Date") for distribution of securities of the Funds was September 29, 2001.
- (e) The Funds filed a pro forma simplified prospectus and annual information form in all Jurisdictions on August 29, 2001.
- (f) Since September 29, 2000, the date of the Prospectus, no material change has occurred and no amendments have been made to the Prospectus. Accordingly, the Prospectus represents up to date information regarding each of the Funds offered therein. The extension requested will not affect the currency or accuracy of the information contained in the Prospectus of the Funds and accordingly will not be prejudicial to the public interest.
- (g) In order to permit the Manager sufficient time to finalize the renewal prospectus and obtain the requisite approvals of the Manager and the trustee of the Funds, the Manager has requested an extension of the Lapse Date to October 9, 2001.

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 are satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the time limits provided by Legislation as they apply to a distribution of securities under a prospectus are hereby extended to the time limits that would be applicable if the Lapse Date for the distribution of securities under the Prospectus of the Funds was October 9, 2001 and that the offering of securities of the Funds may continue provided that:

- (a) A final simplified prospectus and annual information form are filed no later than 10 days after October 9, 2001 and receipts for the simplified prospectus and annual information form are obtained no later than 20 days after October 9, 2001;
- (b) All unitholders of record of the Funds in Alberta, in Nova Scotia, in Saskatchewan 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 the Manager 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) The Manager 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, the Manager 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.

October 16, 2001.

"Jean-François Bernier"

2.1.5 TD Asset Management Inc. - MRRS Decision

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

AND

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

AND

**IN THE MATTER OF
TD ASSET MANAGEMENT INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from TD Asset Management Inc. ("TDAM"), in its own capacity and on behalf of TD Mortgage Fund, (the "Mortgage Fund") TD Short Term Monthly Income Fund, TD Short Term Bond Fund, TD Monthly Income Fund (collectively, the "Income Funds"), TD Private Canadian Bond Income Fund, TD Private Canadian Corporate Bond Fund and TD Private Canadian Bond Return Fund (collectively, the "Private Funds" and together with the Mortgage Fund and Income Funds, the "Funds", and individually, the "Fund") for a decision (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following provisions of the Legislation do not apply to TDAM, in respect of the purchase or sale of mortgages that TDAM may cause a Fund to enter into with affiliates of TDAM:

- (a) the provision requiring the management company of a mutual fund or, in British Columbia, a mutual fund manager, to file a report relating to
 - (i) every purchase or sale of securities between the mutual fund and any related person or company, and
 - (ii) every purchase or sale effected by the mutual fund through any related person or company with respect to which the related person or company received a fee either from the mutual fund or from the other party to the transaction or both,

within thirty days after the end of the month in which the purchase or sale occurs (the "Reporting Requirements"); and

- (b) the provision prohibiting a portfolio manager from knowingly causing any investment portfolio managed by it to purchase or sell the securities of any issuer from or

to the account of a "responsible person" as defined in the Legislation (the "Investment Prohibition");

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 TDAM has represented to the Decision Makers as follows:

1. TDAM is a corporation established under and governed by the laws of Ontario and is the manager and principal distributor of each of the Funds. It is a wholly-owned subsidiary of The Toronto-Dominion Bank (the "TD Bank"). The head office of TDAM is located in Toronto, Ontario.
2. Each of the Funds is an open-ended mutual fund trust governed by the laws of the province of Ontario. The securities of the Funds are qualified for sale in each of the provinces and territories of Canada (the "Prospectus Jurisdictions") under a simplified prospectus and annual information form filed in and accepted by each of the Prospectus Jurisdictions.
3. The Mortgage Fund was created as a result of the merger on October 8, 2000 (the "Merger") of Green Line Mortgage Fund and Green Line Mortgage-Backed Fund (together, the "Green Line Funds") with what was then Canada Trust Mortgage Fund.
4. The investment objective of the Mortgage Fund, as disclosed in its current simplified prospectus, is to provide a steady stream of interest income by investing in a diversified portfolio consisting primarily of high-quality Canadian residential mortgages bought from and administered by the TD Bank and The Canada Trust Company ("Canada Trust"). It may also invest in uninsured conventional mortgages, mortgages insured under the National Housing Act (NHA) or by an insurance company, and may also invest in Canadian mortgage-backed securities.
5. Prior to the Merger, Canada Trust Mortgage Fund bought/sold mortgages from/to Canada Trust in reliance upon an order issued on April 13, 1988 by the Ontario Securities Commission (the "OSC") and similar orders from other applicable Canadian Securities Administrators, which permitted Canada Trust to cause The Canada Trust Company Retirement Savings Plan-Mortgage Section to purchase/sell mortgages from/to Canada Trust (the "1988 Orders").
6. Also, prior to the Merger, the Green Line Funds' manager, Toronto Dominion Securities Inc. ("TDSI"), was issued an order on March 22, 1994 by the OSC and similar orders from other applicable Canadian Securities Administrators, which permitted TDSI to cause the Green Line Funds to purchase/sell mortgages from/to the TD Bank (the "1994 Orders").
7. Following the Merger, TDAM, as portfolio manager of the Mortgage Fund, caused it to purchase mortgages from the TD Bank in a single bulk transaction.
8. In order to continue causing the Mortgage Fund to purchase/sell mortgages from/to affiliates of TDAM, including the TD Bank, Canada Trust and Canada Trustco Mortgage Company (collectively, the "TDAM Affiliates"), TDAM needs discretionary relief from the Investment Prohibition and the Reporting Requirements because neither the 1988 Order nor the 1994 Order of the OSC applies to it.
9. The Income Funds and the Private Funds are not precluded from investing in "guaranteed mortgages" as defined in National Instrument 81-102 - Mutual Funds. As portfolio manager of the Income Funds and the Private Funds, TDAM proposes to cause them to purchase/sell "guaranteed mortgages" from/to TDAM Affiliates.
10. TDAM will not cause any Income Fund or Private Fund to purchase guaranteed mortgages, whether or not from TDAM Affiliates if, immediately after the purchase, more than 10 percent of the net assets of the Income Fund or Private Fund, taken at market value at the time of the purchase, would consist of guaranteed mortgages.
11. National Policy Statement No. 29 ("NP 29") permits a mutual fund to acquire mortgages from a lending institution on a non-arm's length basis, subject to compliance with specified pricing or valuation and disclosure conditions.
12. In British Columbia, TDAM will rely on the exemption from the Investment Prohibition that is provided by BC Instrument 81-504, Transactions Between Mutual Funds and Responsible Persons Relating to Certain Debt Securities, Mortgages and Equity Securities.
13. TDAM will cause a Fund to purchase/sell a mortgage (in the case of the Mortgage Fund) or a guaranteed mortgage (in the case of the Income Funds and the Private Funds) from/to a TDAM Affiliate only if
 - a. the transaction is made in accordance with clause 2.4(3) of Section III of NP 29 such that
 - (i) the purchase or sale is made at the principal amount which will produce a yield to the Fund of not more than a quarter of one percent less than the interest rate at which the TDAM Affiliate is making commitments, at the time of purchase, to loan on the security of comparable mortgages or guaranteed mortgages; and
 - (ii) in the case of a purchase of a mortgage or guaranteed mortgage, as the case may be,
 - (a) the TDAM Affiliate that sells it to the Fund enters into an agreement (the "Repurchase Agreement") with the Fund whereby the TDAM Affiliate that sells the mortgage or guaranteed mortgage is obligated

to repurchase it if the mortgage or guaranteed mortgage goes into default for more than 90 days and in circumstances benefiting the Fund,

- (b) TDAM considers that the Repurchase Agreement is sufficient to justify the difference in yield referred to in subparagraph (a) above; and

- b. TD Bank guarantees the performance of the other TDAM Affiliates under the Repurchase Agreement referred to in paragraph a(ii) above.

14. In the absence of this Decision, TDAM

- (a) is prohibited, except in British Columbia, by the Investment Prohibition from causing the Funds to purchase/sell mortgages or guaranteed mortgages, as the case may be, from/to the account of TDAM Affiliates, which are "responsible persons" under the Legislation; and
- (b) is obligated to comply with the monthly Reporting Requirements in respect of mortgages or guaranteed mortgages, as the case may be, purchased/sold by the Funds from/to TDAM Affiliates.

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

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

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

- (A) except in British Columbia, the Investment Prohibition does not apply so as to prevent TDAM from causing the Funds to purchase/sell mortgages (in the case of the Mortgage Fund) or guaranteed mortgages (in the case of the Income Funds and Private Funds), from/to TDAM Affiliates provided that

- i. the purchase or sale is made on the terms and conditions referred to in paragraph 13 above,
- ii. TDAM causes the Funds to comply with the disclosure provisions of Section IV of NP 29,
- iii. TDAM causes each Fund to include a disclosure in its simplified prospectus that the Fund will engage in principal transactions in mortgages or guaranteed mortgages, as the case may be, with TDAM Affiliates,
- iv. the terms of each Fund's principal transactions in mortgages or guaranteed mortgages, as the case may be, with TDAM Affiliates are

reasonable, fair and in the best interests of the Fund or its unitholders, and

- v. this relief does not apply to the Mortgage Fund's mortgage transactions that are referred to in paragraph 7 above; and

- (B) the Reporting Requirements do not apply to TDAM in respect of the purchase/sale of mortgages or guaranteed mortgages, as the case may be, by the Funds from/to TDAM Affiliates, provided that TDAM causes each Fund to file with the applicable Decision Maker and deliver to its unitholders, on a semi-annual basis, a statement of portfolio transactions prepared in accordance with the Legislation that includes, in addition to the information already required by the Legislation,

- i. the total number of mortgages or guaranteed mortgages purchased/sold by the Fund from/to TDAM Affiliates, and the percentage that such total number represents of the aggregate number of mortgages or guaranteed mortgages purchased/sold by the Fund from/to lending institutions, including TDAM Affiliates, during the period reported on;
- ii. the total cost of the purchase, and the total consideration for the sale, of mortgages or guaranteed mortgages bought/sold by the Fund from/to TDAM Affiliates, and the percentage that such total cost and total consideration represents of the aggregate cost and consideration paid/received by the Fund in respect of all mortgages or guaranteed mortgages purchased/sold by the Fund from/to lending institutions, including TDAM Affiliates, during the period reported on; and
- iii. the total fees, if any, paid by the Fund, the other party to the transaction, or both, to TDAM Affiliates in respect of mortgages or guaranteed mortgages purchased/sold by the Fund from/to TDAM Affiliates, and the percentage that such total fees represent of the aggregate fees paid by the Fund in respect of all mortgages or guaranteed mortgages purchased/sold by the Fund from/to lending institutions, including TDAM Affiliates, during the period reported on.

October 19, 2001.

"Howard Weston"

"H. Lorne Morphy"

2.1.6 IVI Checkmate Ltd. and IVI Checkmate Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - each of two issuers has only one security holder - each 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
ONTARIO, ALBERTA AND SASKATCHEWAN**

AND

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

AND

**IN THE MATTER OF
IVI CHECKMATE LTD.**

AND

**IN THE MATTER OF
IVI CHECKMATE CORP.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta and Saskatchewan (the "Jurisdictions") have received an application from IVI Checkmate Ltd. ("Ltd.") and IVI Checkmate Corp. ("Corp.") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that each of Ltd. and Corp. be deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation;

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

AND WHEREAS each of Ltd. and Corp. has represented to the Decision Makers that:

1. Ltd. was incorporated under the laws of the Province of British Columbia and continued under the *Canada Business Corporations Act* in 1984. Its principal offices are located at 79 Torbarrie Road, Toronto, Ontario, M3L 1G5.
2. Corp. was incorporated under the laws of the State of Delaware in 1998. Its principal offices are located at 1003 Mansell Road, Roswell, Georgia, 30076, U.S.A.

3. Each of Ltd. and Corp. is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any of the requirements of the Legislation or the rules or regulations made thereunder, save for the failure of Ltd. to file its interim financial statements for the financial period ended June 30, 2001, and the failure of Corp. to file its interim financial statements for the financial period ended June 30, 2001.
4. Ingenico S.A. ("Ingenico") is a société anonyme organized and existing under the laws of the Republic of France, the shares of which are listed on the Bourse de Paris.
5. Ltd.'s issued and outstanding securities consists of 3,847,000 common shares (the "Common Shares") and 6,008,661 exchangeable shares (the "Exchangeable Shares"). Corp.'s issued and outstanding securities consists of 1 share of common stock (the "Common Stock").
6. Pursuant to an agreement and plan of merger dated April 6, 2001 between Corp., Ingenico and Idaho Acquisition Corp. ("MergerSub"), a wholly-owned subsidiary of Ingenico, and in accordance with resolutions passed by the holders of the Exchangeable Shares and the Common Stock, on August 8, 2001, the merger (the "Merger") of Corp. and MergerSub was completed. Under the terms of the Merger, each holder of Exchangeable Shares (other than Corp.) and each holder of Common Stock received US\$3.30 in cash, without interest, for each Exchangeable Share or share of Common Stock held.
7. As a result of the Merger, all of the Common Shares, the Exchangeable Shares and the Common Stock of Corp. and Ltd. are owned by Ingenico, through its wholly-owned subsidiaries.
8. On August 28, 2001, the Exchangeable Shares and the Common Stock were delisted from The Toronto Stock Exchange and no securities, including debt securities, of Corp. or Ltd. are listed or quoted on any exchange or market in Canada or elsewhere.
9. Other than the Common Shares, the Exchangeable Shares and the Common Stock, there are no securities, including debt securities, of Corp. or Ltd. outstanding.
10. Neither Corp. nor Ltd. intends to seek public financing by way of an offering of its securities.

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

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the 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 each of Ltd. and Corp. is deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation.

October 19, 2001.

"John Hughes"

2.1.7 First Data Corporation

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief from registration and prospectus requirements for trades involving employees and former employees pursuant to equity investment plan - Relief from issuer bid requirements for acquisition by issuer of securities in connection with exercise mechanisms under equity incentive plan - Issuer with de minimis Canadian presence.

Applicable Ontario Statutory Provisions

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

Applicable Ontario Rules

Rule 45-503 - Trades to Employees, Executives and Consultants (1998), 21 OSCB 117
Rule 72-501 - Prospectus Exemption for First Trade Over a Market Outside of Ontario (1998), 21 OSCB 3873.

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

AND

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

AND

**IN THE MATTER OF
FIRST DATA CORPORATION**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, and Nova Scotia (the "Jurisdictions") has received an application from First Data Corporation ("First Data" or the "Company") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that (i) 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 certain trades in Awards or Shares (both as defined below) of First Data made in connection with the First Data Corporation 1992 Long-Term Incentive Plan (the "Plan"); (ii) the Registration Requirements shall not apply to first trades of Shares executed on an exchange or market outside of Canada; and (iii) the requirements contained in the Legislation relating to the delivery of an offer and issuer bid circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, take-up and payment for securities tendered to an issuer bid, disclosure, restrictions upon purchases of

securities, financing, identical consideration, collateral benefits, and form filing (the "Issuer Bid Requirements") shall not apply to certain acquisitions by the Company of Shares or Awards pursuant to the Plan in 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 First Data has represented to the Decision Makers as follows:

1. First Data is a corporation incorporated under the laws of the State of Delaware, is not a reporting issuer under the Legislation and has no present intention of becoming a reporting issuer under the Legislation;
2. The authorized share capital of First Data consists of 600,000,000 shares of common stock ("Shares") and 10,000,000 shares of Preferred Stock ("Preferred Stock"), of which, as of September 30, 2001 there were 381,080,674 Shares (excluding treasury Shares) and no Preferred Stock issued and outstanding;
3. First Data is subject to the requirements of the *Securities Exchange Act of 1934*, as amended, of the United States, including the reporting requirements thereof;
4. A maximum of 69,580,000 Shares have been reserved for issuance pursuant to the Plan, subject to adjustment as provided in the Plan;
5. The purpose of the Plan is to advance the interests of First Data and its stockholders by providing incentives to certain key employees of the Company and its affiliates and to certain other key individuals who perform services for these entities, including those who contribute significantly to the strategic and long-term performance objectives and growth of the Company and its affiliates (the "First Data Companies");
6. The Shares offered under the Plan are registered with the U.S. Securities and Exchange Commission (the "SEC") under the Securities Act of 1933;
7. The Shares are listed for trading on the New York Stock Exchange ("NYSE");
8. Under the Plan, options exercisable for Shares ("Options"), stock appreciation rights ("SARs"), restricted shares ("Restricted Stock") and performance grants ("Performance Awards") (all of the foregoing collectively, "Awards") may be granted to employees, including employee directors, of First Data Companies ("Employees");

9. First Data or the First Data Companies will identify Employees to be granted Awards under the Plan, including Employees resident in the Jurisdictions ("Canadian Employees"). There are currently nine (9) Canadian Employees eligible to participate in the Plan.
10. First Data intends to engage the services of agent(s) (the "Agent") in connection with the Plan. The current Agent under the Plan is Salomon Smith Barney, Inc. ("SSB").
11. The current Agent is, and, if replaced, the replacement Agent will be, a corporation registered under applicable U.S. securities or banking legislation; SSB has been and any replacement Agent will be, authorized by First Data to provide services under the Plan.
12. SSB is not a registrant in any of the Jurisdictions (except as an International Dealer in Ontario) and, if replaced, the replacement Agent is not expected to be a registrant in any of the Jurisdictions;
13. The Agent's role in the Plan will involve various administrative and brokerage functions and may include: (i) facilitating the exercise of Awards (including cashless exercises, stock-swap exercises and Award-swap exercises) under the Plan; (ii) maintaining accounts and holding Shares on behalf of participants under the Plan; and (iii) facilitating the resale of Shares acquired under the Plan through the NYSE;
14. Participation in the Plan by Canadian Employees is voluntary and such Employees are not induced to participate in the Plan or to exercise their exercisable Awards by expectation of employment or continued employment with First Data Companies;
15. Awards are not transferable otherwise than by will or the laws of intestacy;
16. The committee appointed by the Compensation and Benefits Committee of the Board of Directors of First Data (the "Committee") shall establish procedures governing the exercise of Options (and other Awards that are capable of being exercised); generally, in order to exercise an Option or other exercisable Award, the Award holder, must submit to the Agent a written notice of exercise identifying the Award and the number of Shares being exercised, together with full payment of the exercise price; the exercise price of an Award may be paid in cash or where permitted by the Committee, by way of a cashless exercise, promissory note, stock-swap exercise, Award-swap exercise, or such other method permitted by the Committee;
17. Following the termination of a Canadian Employee's relationship with the First Data Companies, a former Canadian Employee, or in some cases the legal representative of a Canadian Employee or of a former Canadian Employee, or the beneficiary of an Award by will or the laws of intestacy (collectively, "Non-Employee Participants") may continue to have rights in respect of such Awards and Shares ("Post-Termination Rights"); Post-Termination Rights may include, among other things, the right of a Non-Employee Participant to exercise an Award for a specified period and the right to sell Shares issued under the Plan through the Agent;
18. A copy of the U.S. Prospectus relating to the Plan will be delivered to each Canadian Employee who is granted an Award under the Plan; the annual reports, proxy materials and other materials First Data is required to file with the SEC, will be provided to persons who acquire Shares under the Plan and become shareholders at the same time and in the same manner as the documents are provided to U.S. shareholders;
19. Canadian Employees and Non-Employee Participants who wish to sell Shares acquired under the Plan, may do so through the Agent;
20. At the time of any grant of an Award to a Canadian Employee under the Plan, holders of Shares whose last address as shown on the books of First Data was in Canada will not hold more than 10% of the outstanding Shares and will not represent in number more than 10% of the total number of holders of Shares;
21. Because there is no market for the Shares in Canada and none is expected to develop, any resale of the Shares acquired under the Plan will be effected through the facilities of, and in accordance with the rules and laws applicable to, a stock exchange or organized market outside of Canada on which the Shares may be listed or quoted for trading;
22. The Legislation of certain Jurisdictions does not contain exemptions from the Registration Requirements and the Prospectus Requirements for Award exercises by Canadian Employees and Non-Employee Participants through the Agent where the Agent is not a registrant;
23. Where the Agent sells Shares on behalf of Canadian Employees or Non-Employee Participants, none of the Canadian Employees, Non-Employee Participants or the Agent is able to rely on any exemption from the Registration Requirements contained in the Legislation of certain Jurisdictions to effect such sales;
24. The Legislation of certain Jurisdictions deems any trade in Shares acquired under the Plan to be a distribution or primary distribution to the public unless, among other things, First Data is a reporting issuer and has been a reporting

issuer for a prescribed period of time preceding the trade; and

25. The exemptions in the Legislation from the Issuer Bid Requirements are not available for certain acquisitions by the Company of its Shares from Canadian Employees or Non-Employee Participants in accordance with the terms of the Plan, since acquisitions relating to stock-swap exercises may occur at a price that is not calculated in accordance with the "market price," as that term is defined in the Legislation; under the Plan, the Company will acquire such tendered Shares at their fair market value, as determined in accordance with the Plan.

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

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

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

- A. the Registration Requirements and the Prospectus Requirements shall not apply to any trade or distribution of Awards or Shares, made in connection with the Plan, including trades and distributions involving First Data and its Canadian affiliates, the Agent, Canadian Employees or Non-Employee Participants, provided that the first trade in Shares acquired through the Plan pursuant to this Decision shall be deemed a distribution or primary distribution to the public under the Legislation unless such first trade is executed on a stock exchange or market outside of Canada;
- B. the first trade by Canadian Employees or Non-Employee Participants in Shares acquired pursuant to this Decision, including first trades effected through the Agent, shall not be subject to the Registration Requirements, provided such first trade is executed through a stock exchange or market outside of Canada; and
- C. the Issuer Bid Requirements of the Legislation shall not apply to the acquisition by First Data of Shares or Awards from Canadian Employees or Non-Employee Participants in connection with stock-swap exercises, made in connection with the provisions of the Plan.

October 23, 2001.

"R. Stephen Paddon"

"H. Lorne Morphy"

2.2 Orders

2.2.1 AngloGold Limited - ss. (104(2)(c) and ss. 9.1(1) of NI - 43-101

Headnote

Takeover bid made in accordance with the laws of the United States and Australia - De minimis exemption unavailable because approximately 51 Ontario shareholders own just over 5% of the issuer's shares, which exceeds the 2% threshold for exemption, and because takeover bid made pursuant to exemption in the United States - Approximately 5% of issuer's shares held by a single Ontario shareholder - Takeover bid exempted from the take-over bid requirements of Part XX, subject to certain conditions including provision of U.S. registration statement to Ontario shareholders.

Offeror not a reporting issuer, but subject to reporting requirements in United States, United Kingdom, Australia, and South Africa, also exempt from National Instrument 43-101 - Standards of Disclosure for Mineral Projects in connection with takeover bid.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 93(1)(e), 95 to 100, and 104(2)(c).

Recognition Orders Cited

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

Rules Cited

National Instrument 43-101 - Standards of Disclosure for Mineral Projects, ss. 9.1(1).

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

AND

NATIONAL INSTRUMENT 43-101 ("NI 43-101")

AND

**IN THE MATTER OF
ANGLOGOLD LIMITED**

**ORDER AND DECISION
(Clause 104(2)(c) of the Act)
(Subsection 9.1(1) of NI 43-101)**

UPON the application of AngloGold Limited ("**AngloGold**"), a corporation incorporated under the laws of South Africa, to the Ontario Securities Commission (the "**Commission**") for an order pursuant to clause 104(2)(c) of the Act that AngloGold be exempt from the requirements of sections 95 to 100 of the Act and to the Director of the Commission for a decision pursuant to subsection 9.1(1) of NI

43-101 that AngloGold be exempt from NI 43-101 in respect of a securities exchange take-over bid (the "**Exchange Offer**") to be made by AngloGold for all of the shares ("**Normandy Shares**") (including Normandy Shares represented by American depository shares ("**Normandy ADSs**")) of Normandy Mining Limited, a corporation incorporated under the laws of Australia ("**Normandy**");

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

AND UPON AngloGold having represented to the Commission as follows:

1. AngloGold is incorporated under the laws of the Republic of South Africa. AngloGold is a major international mining company and is the world's largest gold producer by volume of gold produced (as determined from publicly available reports of gold producers of the world), with production of about 7 million ounces of gold annually. AngloGold's operations comprise open pit and underground mines and surface reclamation plants in Argentina, Australia, Brazil, Mali, Namibia, South Africa, Tanzania and the United States.
2. As at September 30, 2001, AngloGold's share capital consisted of (i) 200,000,000 ordinary shares ("**AngloGold Shares**") with a par value of R0.50 per share, of which 107,181,237 were outstanding; (ii) 2,000,000 A redeemable preference shares with a par value of R0.50 per share, of which 2,000,000 were outstanding; and (iii) 5,000,000 B redeemable preference shares with a par value of R0.01 per share, of which 778,896 were outstanding.
3. The AngloGold Shares are listed on the ASX as Clearing House Electronic Subregister System depository interests ("**CDIs**") under the symbol "AGG", the London Stock Exchange under the symbol "79LK", the New York Stock Exchange (the "**NYSE**") as American depository shares under the symbol "AU" (the "**AngloGold ADSs**"), and Euronext Paris under the symbol "VAFP", and are also quoted on Euronext Brussels as international depository receipts under the symbol "ANG BB".
4. AngloGold is subject to the reporting requirements of securities legislation in the Republic of South Africa, the United States, Australia and the United Kingdom. AngloGold currently is not, and does not intend to become, a reporting issuer in Ontario or in any other province or territory in Canada. AngloGold is required to comply fully with the Australasian Code for Reporting Identified Mineral Resources and Ore Reserves (the "**JORC Code**"). Additionally, the South African Code for Reporting of Mineral Resources and Mineral Reserves, which in turn is based on the JORC Code, further regulates AngloGold's reporting.
5. As of the date hereof, AngloGold does not own directly or indirectly any outstanding Normandy Shares (including Normandy Shares represented by American depository shares ("**Normandy ADSs**")).

6. Normandy is incorporated under the laws of Australia. Normandy is a major international mining company.
7. As at September 20, 2001, Normandy's issued and outstanding share capital consisted of 2,231,293,599 ordinary shares (inclusive of Normandy ADSs, each Normandy ADS representing 10 Normandy Shares) and 1,443,350 unlisted employee shares (collectively, the "Outstanding Normandy Shares"). To the best knowledge of AngloGold, the employee shares are of the same class as ordinary shares.
8. The Normandy Shares are listed on the ASX under the symbol "NDY.AX" and the Normandy ADSs are listed on the TSE under the symbol "NDY.TO".
9. Normandy is a reporting issuer in Ontario but is not a reporting issuer in any other province or territory of Canada. Normandy is also subject to the reporting requirements of the securities laws of the United States and Australia.
10. According to an insider report dated May 30, 2001 and filed with the Commission by Franco-Nevada Mining Corporation Limited ("Franco-Nevada") and other publicly available documents, Franco-Nevada has direct ownership in Ontario of 111,525,000 Normandy Shares and indirect ownership in the United States of a further 334,575,000 Normandy Shares through its United States subsidiary, Franco-Nevada Mining Corporation Inc. ("Franco-Nevada U.S."). According to a press release issued by Franco-Nevada on May 30, 2001 and Normandy's publicly available documents, the Normandy Shares issued to Franco-Nevada and Franco-Nevada U.S. were received in consideration of the transfer to Normandy of 100% ownership of the Ken Snyder Mine (subject to a royalty interest in favour of Franco-Nevada U.S.) and Midas exploration properties in Nevada, certain Australian interests and cash in the amount of US\$48 million. To the best knowledge of AngloGold, Franco-Nevada is a corporation existing under the laws of Canada and a reporting issuer in each of the provinces of Canada. To the best knowledge of AngloGold, Franco-Nevada U.S. is a corporation existing under the laws of the State of Nevada and is not subject to any reporting requirements under any securities laws.
11. Based upon information provided to AngloGold by Normandy from its register, as at October 2, 2001, there were: (i) 14 holders of Normandy Shares in the Province of Ontario other than Franco-Nevada holding an aggregate of 183,836 Normandy Shares (representing an aggregate of 0.00824% of the Outstanding Normandy Shares); (ii) three holders of Normandy Shares in the Province of Quebec holding an aggregate of 5,570 Normandy Shares (representing an aggregate of 0.00025% of the Outstanding Normandy Shares); (iii) nine holders of Normandy Shares in the Province of British Columbia holding an aggregate of 47,340 Normandy Shares (representing an aggregate of 0.00212% of the Outstanding Normandy Shares); and (iv) three holders of Normandy Shares in the Province of Alberta holding an aggregate of 25,000 Normandy Shares (representing an aggregate of 0.00112% of the Outstanding Normandy Shares).
12. Based upon information obtained from Canadian Depository For Securities Ltd. and the participants ("CDS Participants") holding securities therewith, as at September 28, 2001, there were: (i) 36 holders of Normandy ADSs in the Province of Ontario holding an aggregate of 56,300 Normandy ADSs (representing an aggregate of 0.02523% of the Outstanding Normandy Shares); (ii) 11 holders of Normandy ADSs in the Province of British Columbia holding an aggregate of 7,700 Normandy ADSs (representing an aggregate of 0.00345% of the Outstanding Normandy Shares); (iii) 13 holders of Normandy ADSs in the Province of Alberta holding an aggregate of 12,771 Normandy ADSs (representing an aggregate of 0.00572% of the Outstanding Normandy Shares); (iv) two holders of Normandy ADSs in the Province of New Brunswick holding an aggregate of 1,400 Normandy ADSs (representing an aggregate of 0.00063% of the Outstanding Normandy Shares); (v) 11 holders of Normandy ADSs in the Province of Quebec holding an aggregate of 7,820 Normandy ADSs (representing an aggregate of 0.00350% of the Outstanding Normandy Shares); (vi) one holder of Normandy ADSs in the Province of Nova Scotia holding 2,000 Normandy ADSs (representing an aggregate of 0.00090% of the Outstanding Normandy Shares); and (vii) four holders of Normandy ADSs in the Province of Saskatchewan holding an aggregate of 8,500 Normandy ADSs (representing an aggregate of 0.00381% of the Outstanding Normandy Shares).
13. Accordingly, based upon the information in the preceding three paragraphs, in the Province of Ontario, there are 15 holders of Normandy Shares holding an aggregate of 111,708,836 Normandy Shares (representing an aggregate of 5.00646% of the Outstanding Normandy Shares). However, one of such holders, Franco-Nevada, holds 111,525,000 Normandy Shares in Ontario (representing an aggregate of 4.99822% of the Outstanding Normandy Shares) and the other 14 holders hold in the aggregate 183,836 Normandy Shares in Ontario (representing an aggregate of 0.00824% of the Outstanding Normandy Shares). Based on discussions with CDS Participants, there are 36 holders of Normandy ADSs in the Province of Ontario that hold an aggregate of 56,300 Normandy ADSs (representing an aggregate of 0.02523% of the Outstanding Normandy Shares). Confirmation has not been received from one CDS Participant holding an aggregate of 192 Normandy ADSs (representing an aggregate of 0.00009% of the Outstanding Normandy Shares) as to the number of holders of Normandy ADSs, and the number of Normandy ADSs which they respectively hold, in Ontario. AngloGold believes these amounts to be immaterial.
14. The Exchange Offer will be made in Australia in accordance with the corporate and federal securities laws of Australia and in the United States in accordance with the federal securities laws of the United States, subject in the United States to limited tender offer exemptive relief available to AngloGold (the "Tier II

Exemption"). The Tier II Exemption for tender offers is codified in Rule 14d-1(c) and Rule 14d-1(d) under the *Securities Exchange Act of 1934*, as amended. AngloGold intends to rely on the Tier II Exemption since, to AngloGold's best knowledge, U.S. holders of Normandy Shares and Normandy ADSs hold more than 10% and less than 40% of such securities (counted together as a single class and excluding those Normandy Shares and Normandy ADSs held by all other 10% holders of Normandy).

15. The Exchange Offer will be made to U.S. holders of Normandy Shares and Normandy ADSs by way of the U.S. Registration Statement. AngloGold may effect the Exchange Offer in the United States only if the U.S. Registration Statement is declared effective by the United States Securities and Exchange Commission.
16. Holders of Normandy Shares (including Normandy Shares represented by Normandy ADSs) will receive 2.15 AngloGold Shares for every 100 Normandy Shares (including Normandy Shares represented by Normandy ADSs) tendered in the Exchange Offer. Such holders, depending upon the country in which they are located at the time of accepting the Exchange Offer, may elect to receive the AngloGold Shares to which they are entitled in one of the following forms: (i) AngloGold Shares; (ii) AngloGold CDIs; or (iii) AngloGold ADSs. Whatever form of consideration Normandy shareholders (including holders of Normandy Shares represented by Normandy ADSs) elect to receive, the consideration will be equivalent in value to 2.15 AngloGold Shares for every 100 Normandy Shares. Canadian holders of Normandy Shares and Normandy ADSs will be eligible to elect to receive either AngloGold Shares or AngloGold ADSs.
17. Ancillary to the Exchange Offer, AngloGold intends to make available to Normandy shareholders located in Australia, Canada, and possibly certain other jurisdictions excluding the United States and New Zealand, who accept the Exchange Offer the opportunity to subscribe for additional AngloGold Shares registered in the form of AngloGold CDIs or AngloGold ADSs at a discount (the "Top Up Facility"). The minimum amount a Normandy shareholder can apply for under the Top Up Facility is A\$2,500 and the maximum amount is A\$5,000. This amount will be applied to acquire additional new AngloGold Shares at a discount of 7.5% from the 30 day weighted average sale price of AngloGold Shares sold on the NYSE to the date that the AngloGold Shares are allotted and issued to the relevant Normandy shareholder pursuant to the Exchange Offer. In Canada, it is expected that the Top Up Facility will be offered and described in wrap pages to the U.S. Registration Statement (the "Wrap Pages").
18. It is also intended that Deutsche Bank AG will establish a facility (the "Low Brokerage Share Sale Facility") ancillary to the Exchange Offer so that Normandy shareholders who are located in Australia and who accept the Exchange Offer can elect to: (i) sell, in the open market, the AngloGold Shares they receive pursuant to the Exchange Offer, and (ii) receive a cash payment in consideration for the sale of those

AngloGold Shares. Eligible Normandy shareholders who elect to use the Low Brokerage Share Sale Facility will receive a payment equivalent to the value of the AngloGold Shares sold by Deutsche Bank AG less a flat brokerage fee equivalent to 1% of the sale proceeds. Persons located outside Australia are not eligible to participate in the Low Brokerage Share Sale Facility.

19. If the Exchange Offer is completed and AngloGold acquires 90% or more of the Normandy Shares (including Normandy Shares represented by Normandy ADSs), AngloGold intends to compulsorily acquire the remaining outstanding Normandy Shares (including Normandy Shares represented by Normandy ADSs) pursuant to Australian corporate law and intends to cause Normandy to make application to the Commission for Normandy to cease to be a reporting issuer in the Province of Ontario and to the TSE to delist the Normandy ADSs from that exchange. If AngloGold gains control of Normandy but is not entitled to compulsorily acquire the outstanding Normandy Shares (including Normandy Shares represented by Normandy ADSs), AngloGold currently intends to review whether the Normandy ADSs should continue to be listed on the TSE.
20. If the relief requested in this application is granted in order to permit the Exchange Offer to be made in Ontario, holders of Normandy Shares (including Normandy Shares represented by Normandy ADSs) who, to AngloGold's best knowledge, have their last address shown on the books of Normandy in Ontario, will receive all material relating to the Exchange Offer that is sent to holders of Normandy Shares (including Normandy Shares represented by Normandy ADSs) in the United States.

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

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

- (a) all materials relating to the Exchange Offer that are sent to holders of Normandy Shares (including Normandy Shares represented by Normandy ADSs) in the United States and the Wrap Pages (or some other form of offer and description of the Top Up Facility if the Wrap Pages are not used) are concurrently sent to all holders of Normandy Shares (including Normandy Shares represented by Normandy ADSs) who, to AngloGold's best knowledge, have their last address shown on the books of Normandy in Ontario; and
- (b) AngloGold files copies of all such materials with the Commission.

October 12, 2001.

"Howard I. Wetston"

"Lorne Morphy"

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

IT IS DECIDED pursuant to subsection 9.1(1) of NI 43-101 that AngloGold is exempt from the requirements of NI 43-101 in connection with the Exchange Offer provided that all disclosure of a scientific or technical nature contained in any materials which relate to the Exchange Offer and are sent to Ontario holders of Normandy Shares and Normandy ADSs complies with the requirements of applicable United States federal securities laws.

Dated at Toronto this 12th day of October, 2001.

"K. Soden"

2.2.2 Recognition of Certain Stock Exchanges - s. 144 and Clause 72(1)(m)

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

AND

IN THE MATTER OF
THE RECOGNITION OF
CERTAIN STOCK EXCHANGES
AMENDMENT OF RECOGNITION ORDER
(Section 144 and Clause 72(1)(m) of the Act)

WHEREAS the Ontario Securities Commission (the "Commission") issued an order effective March 1, 1997, as amended August 29, 2000 and November 7, 2000 (the "Order"), which, among other things, recognized certain stock exchanges for the purposes of certain sections of the Act;

AND WHEREAS, clause 72(1)(m) of the Act provides an exemption from the prospectus requirement where the issuer distributes a security of its own issue in consideration of mining claims where, among other things, the security proposed to be issued, or the security underlying that security, is listed and posted for trading on a stock exchange recognized for the purpose of that clause by the Commission;

AND WHEREAS, the Commission issued an order effective November 7, 2000 which recognized The Toronto Stock Exchange Inc. (the "TSE") for the purpose of clause 72(1)(m) of the Act;

AND WHEREAS, the Commission wishes to recognize both the TSE and Canadian Venture Exchange Inc. ("CDNX") for the purpose of clause 72(1)(m) of the Act;

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

IT IS ORDERED, pursuant to section 144 of the Act, that the portion of the Order that provides as follows:

"AND THE COMMISSION FURTHER HEREBY RECOGNIZES the TSE for the purposes of clause 72(1)(m) of the Act."

be revoked and that the following be substituted therefor:

"AND THE COMMISSION FURTHER HEREBY RECOGNIZES the TSE and CDNX for the purposes of clause 72(1)(m) of the Act."

October 18, 2001.

"H.I. Wetston"

"D.A. Brown"

2.2.3 Fuji Securities - Order (s.211 of the Regulation)

Headnote

Applicant for registration as international dealer exempted from requirement in subsection 208(2) of the Regulation that it carry on the business of underwriter in a country other than Canada where applicant will not act as underwriter in Ontario - Applicant is registered with the S.E.C. as a broker-dealer and is a member of the N.A.S.D.

Statutes Cited

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

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss.100(3), 208(1), 208(2) and 211.

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

AND

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

AND

**IN THE MATTER OF
FUJI SECURITIES INC.
ORDER (Section 211 of the Regulation)**

UPON the application (the "Application") of Fuji Securities Inc. (the "Applicant") to the Ontario Securities Commission (the "Commission") for an order, pursuant to section 211 of the Regulation, exempting the Applicant from the requirement in subsection 208(2) of the Regulation that the Applicant carry on the business of an underwriter in a country other than Canada, in order for the Applicant to be registered under the Act as a dealer in the category of "international dealer";

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant has filed an application for registration as a dealer under the Act in the category of "international dealer" in accordance with section 208 of the Regulation. The Applicant is not presently registered in any capacity under the Act.

2. The Applicant is a corporation formed under the laws of the State of Delaware and having its principal place of business at Two World Financial Center, South Tower, 26th Floor, New York, New York 10281, USA. The Applicant is a subsidiary of the Mizuho Holdings, Inc., a Japanese financial services

company formed as a result of the September 2000 merger of The Dai-Ichi Kangyo Bank, Limited, The Fuji Bank, Limited, and The Industrial Bank of Japan, Limited and having its principal place of business at Marunouchi Center Building, 6-1 Marunouchi 1-chome, Chiyoda-ku Tokyo, Japan.

3. The Applicant is registered as a broker-dealer with the United States Securities and Exchange Commission (the "SEC") and with the appropriate state securities authority in forty-nine of the fifty state jurisdictions of the United States. The Applicant is also a member of the National Association of Securities Dealers (the "NASD").

4. The Applicant does not currently act as an underwriter in the United States. The Applicant does not currently act as an underwriter in any other jurisdiction outside of the United States.

5. In the absence of the relief requested in this Application, the Applicant would not meet the requirements of the Regulation for registration as a dealer in the category of "international dealer" as it does not carry on the business of an underwriter in a country other than Canada.

6. The Applicant does not now act as an underwriter in Ontario and will not act as an underwriter in Ontario if it is registered under the Act as an "international dealer", despite the fact that subsection 100(3) of the Regulation provides that an "international dealer" is deemed to have been granted registration as an underwriter for the purposes of permitted distributions.

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

IT IS ORDERED, pursuant to section 211 of the Regulation, that, in connection with the registration of the Applicant as a dealer under the Act in the category of "international dealer"; the Applicant is exempt from the provisions of subsection 208(2) of the Regulation requiring that the Applicant carry on the business of an underwriter in a country other than Canada, provided that, so long as the Applicant is registered under the Act as an "international dealer":

(a) the Applicant carries on the business of a dealer in a country other than Canada; and

(b) notwithstanding subsection 100(3) of the Regulation, the Applicant shall not act as an underwriter in Ontario.

October 12, 2001

"Howard I. Wetston"

"H. Lorne Morphy"

**2.2.4 Recognition of Certain Stock Exchanges -
Amendment of Order**

Headnote

Recognition of CDNX for the purpose of clause 72(1)(m) of the Act.

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

AND

**IN THE MATTER OF
THE RECOGNITION OF CERTAIN STOCK
EXCHANGES AMENDMENT OF RECOGNITION ORDER
(Section 144 and Clause 72(1)(m) of the Act)**

WHEREAS the Ontario Securities Commission (the "Commission") issued an order effective March 1, 1997, as amended August 29, 2000 and November 7, 2000 (the "Order"), which, among other things, recognized certain stock exchanges for the purposes of certain sections of the Act;

AND WHEREAS, clause 72(1)(m) of the Act provides an exemption from the prospectus requirement where the issuer distributes a security of its own issue in consideration of mining claims where, among other things, the security proposed to be issued, or the security underlying that security, is listed and posted for trading on a stock exchange recognized for the purpose of that clause by the Commission;

AND WHEREAS, the Commission issued an order effective November 7, 2000 which recognized The Toronto Stock Exchange Inc. (the "TSE") for the purpose of clause 72(1)(m) of the Act;

AND WHEREAS, the Commission wishes to recognize both the TSE and Canadian Venture Exchange Inc. ("CDNX") for the purpose of clause 72(1)(m) of the Act;

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

IT IS ORDERED, pursuant to section 144 of the Act, that the portion of the Order that provides as follows:

"AND THE COMMISSION FURTHER HEREBY RECOGNIZES the TSE for the purposes of clause 72(1)(m) of the Act."

be revoked and that the following be substituted therefor:

"AND THE COMMISSION FURTHER HEREBY RECOGNIZES the TSE and CDNX for the purposes of clause 72(1)(m) of the Act."

October 18, 2001.

"H.I. Wetston"

"D.A. Brown"

2.2.5 CCC Internet Solutions Inc. - ss. 83.1(1)

Headnote

Reporting issuer in British Columbia and Alberta that is listed on CDNX deemed to be reporting issuer in Ontario.

Statutes Cited

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

Policies Cited

Policy 12-602 Deeming an issuer from certain other Canadian Jurisdictions to be a Reporting Issuer in Ontario (2001) 24 OSCB 1531.

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

AND

**IN THE MATTER OF
CCC INTERNET SOLUTIONS INC.**

**ORDER
(Subsection 83.1(1) of the Act)**

UPON the Application of CCC Internet Solutions Inc. (the "Corporation" or "CCC Internet Solutions") to the Ontario Securities Commission (the "Commission") for an Order pursuant to subsection 83.1(1) of the *Securities Act* (Ontario) (the "Act") deeming the Corporation to be a reporting issuer for purposes of Ontario securities law;

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

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

1. CCC Internet Solutions was incorporated pursuant to the laws of the Province of British Columbia on June 17, 1999 under the name of "Duke Capital Corp.". It subsequently changed to its current name, "CCC Internet Solutions Inc.", on October 29, 2000.
2. The Corporation has been a reporting issuer under the *Securities Act* (British Columbia) since October 22, 1999 upon the receipt of its prospectus by the British Columbia Securities Commission. The Corporation became a reporting issuer under the *Securities Act* (Alberta) on November 26, 1999 pursuant to the merger of the Vancouver Stock Exchange ("VSE") with the Alberta Stock Exchange ("ASE").
3. CCC Internet Solutions is not a reporting issuer or the equivalent under the securities legislation of any other jurisdiction in Canada.

4. The continuous disclosure requirements of the *Securities Act* (Alberta) and *Securities Act* (British Columbia) are substantially the same as the requirements under the Act. The common shares of CCC Internet Solutions were listed on the VSE on November 24, 1999.
5. The Corporation's common shares currently trade on the Canadian Venture Exchange ("CDNX"), the successor to the VSE pursuant to its merger with the ASE, under the trading symbol "CIS".
6. The materials filed by the Corporation as a reporting issuer in the Provinces of Alberta and British Columbia are available on the System for Electronic Document Analysis and Retrieval (SEDAR).
7. The authorized share capital of the Corporation consists of 100,000,000 common shares of which 10,391,952 common shares were issued and outstanding as at February 28, 2001. An aggregate of 685,000 common shares of the Corporation have been reserved for issuance on the exercise of stock options granted by the Corporation to its directors, officers, employees and others.
8. The Corporation is not on the lists of defaulting reporting issuers maintained pursuant to the *Securities Act* (Alberta) or the *Securities Act* (British Columbia).
9. To the knowledge of management of the Corporation, the Corporation has not been subject to any enforcement actions by the Alberta or British Columbia Securities Commissions or by CDNX, and the Corporation is not in default of any requirement of the Act, the *Securities Act* (Alberta) or the *Securities Act* (British Columbia).
10. Neither the Corporation nor any of its officers, directors, nor, to the knowledge of the Corporation, any controlling shareholder has (i) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, (ii) entered into a settlement agreement with a Canadian securities regulatory authority or (iii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

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

IT IS HEREBY ORDERED pursuant to subsection 83.1(1) of the Act that the Corporation be deemed to be a reporting issuer for purposes of Ontario securities law.

October 19, 2001.

"Derek Brown"

"R. Stephen Paddon"

2.2.6 Aloak Corp. - s. 147

Headnote

Section 147 - Order that the first trades of rights issued pursuant to an exempt rights offering may be made in reliance of section 6.3(c) of O.S.C. Rule 45-501 as if such rule required a seasoning period of eight months instead of 12 months.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 53, 72(1)(h) and 147.

Rules Cited

Ontario Securities Commission Rule 45-501 - Exempt Distributions.

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

AND

**IN THE MATTER OF
ALOAK CORP.**

**ORDER
(Section 147)**

WHEREAS application is hereby made pursuant to Section 147 of the Act by Aloak Corp. ("Aloak" or the "Issuer") for an order from the Ontario Securities Commission (the "Commission" or the "OSC") that the first trades of securities in connection with the proposed rights offering of the Issuer described below may be made in reliance of section 6.3(c) of OSC Rule 45-501, notwithstanding the requirement under such rule that the Issuer must have been a reporting issuer for 12 months;

AND WHEREAS Aloak has represented to the Commission that:

1. Aloak was incorporated under the *Business Corporations Act* (Alberta) on October 10, 1986 under the name Hixon Gold Resources Inc. By Articles of Amendment dated February 22, 2001, the Issuer's name was changed to Aloak Corp.
2. The Issuer was registered as an extraprovincial company in the Province of British Columbia under the *Company Act* (British Columbia) on December 9, 1987.
3. Aloak's corporate head office is located at 300, 340 - 12th Avenue S.W., Calgary, Alberta, T2R 2L5.
4. The authorized capital of Aloak consists of an unlimited number of common shares of which 54,946,057 were issued and outstanding as at October 3, 2001.

5. Aloak has been a reporting issuer in the Provinces of Alberta and British Columbia for more than 12 months and is not on the list of defaulting reporting issuers maintained pursuant to the securities legislation in these jurisdictions.
6. Aloak has been a reporting issuer in the Province of Ontario since February 9, 2001 by virtue of Hixon Gold Resources Inc. (predecessor to the Issuer) having obtained a receipt on February 9, 2001 for its prospectus dated February 8, 2001, and is not on the list of defaulting reporting issuers maintained pursuant to the Act.
7. The common shares of Aloak are listed and posted for trading on the Canadian Venture Exchange Inc. (the "CDNX") under the trading symbol "AOK". The Issuer's common shares were originally listed and posted for trading on The Vancouver Stock Exchange (predecessor to the CDNX) on June 23, 1989. On October 3, 2001 the closing price of the common shares of Aloak on the CDNX was \$0.04 on volume of 500 common shares traded.
8. The Issuer proposes to offer (the "Rights Offering") rights ("Rights") to its shareholders, which Rights will enable shareholders to subscribe for units of the Issuer.
9. The Issuer intends to list the Rights for trading on the facilities of the CDNX.
10. The Issuer proposes to file a rights offering circular (the "Circular") in the provinces of Alberta and Ontario and to issue the Rights in reliance on the exemption from prospectus requirements set out in Section 107(1)(h) of the *Securities Act* (Alberta) and Section 72(1)(h) of the Act.
11. Section 110(3) of the *Securities Act* (Alberta) will permit a first trade in the Rights in Alberta if, among other things, at the time of the trade the Issuer is a reporting issuer in Alberta and has been a reporting issuer in Alberta for at least 12 months. As previously noted, Aloak has been a reporting issuer in Alberta for more than 12 months. Accordingly, subject to the satisfaction of the other conditions of Section 110(3) of the *Securities Act* (Alberta), there will be no resale restrictions on the Rights distributed to Alberta residents.
12. Section 6.3(c) of OSC Rule 45-501 will permit a first trade in the Rights in Ontario if, among other things, at the time of the trade the Issuer is a reporting issuer in Ontario and has been a reporting issuer in Ontario for at least 12 months. As previously noted, Aloak has been a reporting issuer in Ontario since February 8, 2001 (approximately 8 months). Accordingly, the conditions of Section 6.3(c) of OSC Rule 45-501 would not be satisfied and resale restrictions would be imposed on the Rights distributed to Ontario residents.
13. The Issuer currently has 54,946,057 shares issued and outstanding. 24,136,624, or approximately 44% of the total outstanding number of shares, are registered to Ontario residents and 29,026,625, or approximately

53% of the total number of outstanding shares, are registered to Alberta residents. The Rights Offering provides an opportunity to these shareholders to maintain a proportionate interest in the Issuer in the context of an equity offering. The remaining 1,782,808 shares, comprising approximately 3% of the total number of outstanding shares, are registered to residents of other jurisdictions which are not participating in the Rights Offering.

14. As a result of Aloak having been a reporting issuer in Ontario for approximately eight months, and not the requisite 12 months, Ontario residents receiving Rights pursuant to the Rights Offering will not be able to immediately trade their Rights. Consequently, Ontario resident shareholders will not enjoy the same resale rights in respect of the Rights as those available to Alberta resident shareholders. The requested relief would allow Ontario residents to trade their Rights in the same manner as Alberta resident shareholders.
15. The granting of this order would have the effect of providing equal treatment to all shareholders of the Issuer who participate in the Rights Offering.

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

IT IS HEREBY ORDERED pursuant to Subsection 147 of the Act that the first trade of Rights issued in connection with the Rights Offering may be made in reliance of the exemption contained in section 6.3(c) of OSC Rule 45-501, notwithstanding that section 6.3(c)(i) of the same rule requires the Issuer to have been a reporting issuer for at least 12 months, provided that:

- (i) at the time of the trade, the Issuer is a reporting issuer and has been a reporting issuer for at least eight months; and
- (ii) such trade is made in compliance with the conditions set out in section 6.3(c) (ii) to (vi) of OSC Rule 45-501.

October 19, 2001.

"Derek Brown"

"R. Stephen Paddon"

2.2.7 Newmont Canada Limited - ss. 1(6)

**IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990, c. B.16 AS AMENDED (the "Act")**

AND

**IN THE MATTER OF
NEWMONT CANADA LIMITED**

**ORDER
(Subsection 1(6) of the Act)**

UPON the application of Newmont Canada Limited (the "**Corporation**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to subsection 1(6) of the Act that the Corporation be deemed to have ceased to be offering its securities to the public;

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

AND UPON the Corporation having represented to the Commission that:

1. The Corporation was incorporated under the Act on January 1, 1995, and its head office is located at 60 Shirley Street South, P.O. Box 1205, Timmins, Ontario, P4N 7J5.
2. The Corporation is an "offering corporation" as defined in the Act. The Corporation ceased to be a "reporting issuer," as defined in the *Securities Act* (Ontario), in Ontario pursuant to a decision under the Mutual Reliance Review System dated October 2, 2001.
3. The Corporation's authorized capital consists of an unlimited number of common shares (the "Common Shares"), an unlimited number of subordinate shares, an unlimited number of preferred shares (the "Preferred Shares"), an unlimited number of exchangeable shares, and an unlimited number of class B exchangeable convertible shares, of which 171,998,262 Common Shares and 14,179,191 Preferred Shares are issued and outstanding.
4. As a result of a merger and a statutory plan of arrangement, the Corporation became a wholly-owned subsidiary of Newmont Mining Corporation ("Newmont Mining"). The Common Shares and the Preferred Shares are held by two security holders:
 - (a) Battle Mountain Gold, a wholly-owned subsidiary of Newmont Mining, is the holder of 100% of the issued Common Shares of the Corporation; and
 - (b) Newmont Nova Scotia ULC, a wholly-owned subsidiary of Newmont Mining, is the holder of 100% of the issued Preferred Shares of the Corporation.

5. The Corporation has no securities, including debt securities, listed or quoted on any exchange or market in Canada or elsewhere.
6. Other than the Common Shares and Preferred Shares, the Corporation has no securities, including debt securities, outstanding.
7. The Corporation has no present intention to seek public financing by way of an offering of its securities.

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

IT IS ORDERED, pursuant to subsection 1(6) of the Act, that the Corporation is deemed to have ceased to be offering its securities to the public for the purposes of the Act.

October 19, 2001.

"Derek Brown"

"R. Stephen Paddon, Q.C."

2.3 Rulings

2.3.1 Aberdeen Scots Trust - ss. 74(1) and ss. 59(1)

Headnote

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

Subsection 59(1), Schedule I - Issuer exempt from the fees prescribed by subsection 28(2) of Schedule I of the Regulation in connection with the writing of over-the-counter covered call options.

Statutes Cited

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

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 28(2) and 59(1) of Schedule I.

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

AND

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

AND

**IN THE MATTER OF
ABERDEEN SCOTS TRUST
RULING AND EXEMPTION
(Subsection 74(1) of the Act and
Subsection 59(1) of Schedule I of the Regulation)**

UPON the application of Aberdeen Asset Managers (C.I.) Limited (the "Investment Manager"), as the investment manager of Aberdeen SCOTS Trust (the "Trust"), to the Ontario Securities Commission (the "Commission") for a ruling:

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

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

AND UPON the Investment Manager having represented to the Commission as follows:

1. The Trust is an investment trust established under the laws of Ontario pursuant to a trust agreement dated June 18, 2001, between State Street Trust Company Canada, as trustee of the Trust, and the Investment Manager.
2. The principal office of the Trust is 100 King Street West, Suite 3500, P.O. Box 23, Toronto, Ontario M5X 1A9.
3. The Trust is authorized to issue an unlimited number of transferable, redeemable trust units (the "Units") of one class, each of which represents an equal, undivided interest in the net assets of the Trust.
4. The Trust became a reporting issuer or the equivalent in each of the provinces and territories of Canada by virtue of it filing with the securities regulatory authority in each of these jurisdictions a long form prospectus dated June 18, 2001 (the "Prospectus"), for which a final receipt was issued by the Director on June 19, 2001. The Prospectus qualified the issuance of up to a maximum of 12,000,000 Units (plus up to 15% of the number of Units issued pursuant to the exercise of the over-allotment).
5. On June 28, 2001, the Trust issued 9,400,000 Units at an issuance price of \$25 per Unit pursuant to the closing of its initial public offering. The Units were listed and posted for trading on the Toronto Stock Exchange on June 28, 2001. On July 11, 2001 the Trust issued a further 370,585 Units pursuant to the exercise of the over-allotment option granted to the agents in connection with the Trust's initial public offering.
6. The Units are redeemable at the option of the holder on a monthly basis at a price computed by reference to the value of a proportionate interest in the net assets of the Trust. As a result, the Trust is a "mutual fund" under the securities legislation of certain provinces of Canada (excluding the Province of Quebec).
7. However, the operation of the Trust differs from that of a conventional mutual fund as contemplated in National Instrument 81-102 Mutual Funds ("NI 81-102") in several ways. These differences are elaborated in the decision document dated June 18, 2001 issued by the Director on behalf of the securities regulatory authority in each of the provinces and territories of Canada (other than the Province of Quebec) pursuant to which the Trust was exempted from certain requirements of NI 81-102.
8. The Investment Manager is a corporation organized under the laws of the Channel Islands. The Investment Manager will provide investment

advisory and portfolio management services to the Trust pursuant to the Trust Agreement.

9. The Investment Manager is registered under the Act as a non-Canadian adviser in the categories of investment counsel and portfolio manager. Chris Fishwick, a director of the Investment Manager who is principally responsible for supervising the management of the Trust's portfolio, is registered with the Commission as a counselling officer of the Investment Manager.
10. The Trust's investment objectives are: (i) to return the original issue price of the Units to the holders of the Units (the "Unitholders") upon termination of the Trust on or about the termination date of the Trust; (ii) to provide Unitholders with a stable stream of monthly distributions targeted to be at least \$0.1823 per Unit (\$2.1875 per annum or 8.75% on the original issue price); and (iii) to preserve and potentially enhance the value of the Trust's Managed Portfolio (as defined below) in order to provide Unitholders with capital appreciation above the original issue price.
11. To provide the Trust with the means to return the original purchase price of the Units, the Trust has entered into forward purchase and sale agreements and has acquired a portfolio of equity securities. Also, the Trust has invested in a diversified portfolio (the "Managed Portfolio") of securities consisting of the securities of the companies selected from the Dow Jones Global Titans Index and the MSCI World Index, each with a market capitalization in excess of US \$10 billion.
12. To generate additional returns above the dividend income generated by the Managed Portfolio, the Trust will, from time to time (i) write covered call options on the securities held in the Managed Portfolio and (ii) write cash covered put options on securities in which the Trust is permitted to invest.
13. The Trust may, from time to time, hold a portion of its assets in cash equivalents. The Trust may also, from time to time, utilize such cash equivalents to provide cover in respect of the writing of cash covered put options, which is intended to generate additional returns and to reduce the net cost of acquiring the securities subject to the put options.
14. Prior to the date of this ruling, the Trust has not written any OTC Options.
15. The purchasers of OTC Options written by the Trust will be "Qualified Parties" as defined in Appendix "A" to this ruling.
16. The writing of OTC Options by the Trust will not be used as a means for the Trust to raise new capital.

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

IT IS RULED, pursuant to subsection 74(1) of the Act, that the writing of OTC Options by the Trust, as contemplated by paragraphs 12 and 13 of this ruling, shall not be subject to sections 25 and 53 of the Act provided that:

- a) the portfolio adviser advising the Trust with respect to such activities is registered as an adviser under the Act and has satisfied, or has been exempted from satisfying, any applicable proficiency requirements in Ontario for advising with respect to such options; and
- b) each purchaser of an OTC Option written by the Trust is a "Qualified Party" as defined in Appendix "A" to this ruling.

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

October 19, 2001.

"Derek Brown"

"R. Stephen Paddon"

APPENDIX A

QUALIFIED PARTIES

Interpretation

- (1) The terms "subsidiary" and "holding body corporate" used in paragraphs (w), (x) and (y) of subsection (3) of this Appendix have the same meaning as they have in the *Business Corporations Act* (Ontario).
- (2) All requirements contained in this Appendix that are based on the amounts shown on the balance sheet of an entity apply to the consolidated balance sheet of the entity.

Qualified Parties Acting as Principal

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

Banks

- (a) A bank listed in Schedule I, II or III to the *Bank Act* (Canada).
- (b) The Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada).
- (c) A bank subject to the regulatory regime of a country that is a member of the Basel Accord, or that had adopted the banking and supervisory rules set out in the Basel Accord, if the bank has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of \$25 million or its equivalent in another currency.

Credit Unions and Caisses Populaires

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

Loan and Trust Companies

- (e) A loan corporation or trust corporation registered under the *Loan and Trust Corporations Act* (Ontario) or under the *Trust and Loan Companies Act* (Canada), or under comparable legislation in any other province or territory of Canada.
- (f) A loan company or trust company subject to the regulatory regime of a country that is a member of the Basel Accord, or that has adopted the banking and supervisory rules set out in the Basel Accord, if the loan company or trust company has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of \$25 million or its equivalent in another currency.

Insurance Companies

- (g) An insurance company licensed to do business in Canada or a province or territory of Canada.

- (h) An insurance company subject to the regulatory regime of a country that is a member of the Basel Accord, or that has adopted the banking and supervisory rules set out in the Basel Accord, if the insurance company has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of \$25 million or its equivalent in another currency.

Sophisticated Entities

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

Individuals

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

Governments/Agencies

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

Municipalities

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

Corporations and other Entities

- (n) A company, partnership, unincorporated association or organization or trust, other than an entity referred to in paragraph (a); (b), (c), (d), (e), (f), (g) or (h), with total revenue or assets in excess of \$25 million or its

equivalent in another currency, as shown on its last financial statement, to be audited only if otherwise required.

Pension Plan or Fund

- (o) A pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a provincial pension commission, if the pension fund has total net assets, as shown on its last audited balance sheet, in excess of \$25 million, provided that, in determining net assets, the liability of a fund for future pension payments shall not be included.

Mutual Funds and Investment Funds

- (p) A mutual fund or non-redeemable investment fund if each investor in the fund is a qualified party.
- (q) A mutual fund that distributes its securities in Ontario, if the portfolio manager of the fund is registered as an adviser, other than a securities adviser, under the Act or securities legislation elsewhere in Canada.
- (r) A non-redeemable investment fund that distributes its securities in Ontario, if the portfolio manager of the fund is registered as an adviser, other than a securities adviser, under the Act or securities legislation elsewhere in Canada.

Brokers/Investment Dealers

- (s) A person or company registered under the Act or securities legislation elsewhere in Canada as a broker or an investment dealer or both.
- (t) A person or company registered under the Act as an international dealer if the person or company has total assets, as shown on its last audited balance sheet, in excess of \$25 million or its equivalent in another currency.

Futures Commission Merchants

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

Charities

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

Affiliates

- (w) A wholly-owned subsidiary of any of the organizations described in paragraph (a), (b), (c), (d), (e), (f), (g), (h), (j), (n), (o), (s), (t) or (u).

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

Guaranteed Party

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

Qualified Party Not Acting as Principal

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

Managed Accounts

1. Accounts of a person, company, pension fund or pooled fund trust that are fully managed by a portfolio manager or financial intermediary referred to in paragraphs (a), (d), (e), (g), (s), (t), (u) or (w) of subsection (3) or a broker or investment dealer acting as a trustee or agent for the person, company, pension fund or pooled fund trust under section 148 of the Regulation.

Subsequent Failure to Qualify

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

2.3.2 Aquarius Coatings Inc.

Headnote

Subsection 74(1) - exemption from registration and prospectus requirements for the issuance of securities to arm's length trade creditors by an issuer in financial difficulty, subject to certain conditions - first trades in securities subject to section 72(5) and Ontario Securities Commission Rule 45-501.

Statutes Cited

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

Rules Cited

Ontario Securities Commission Rule 45-501 - Exempt Distributions.

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

AND

**IN THE MATTER OF
AQUARIUS COATINGS INC.**

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

UPON the application (the "Application") of Aquarius Coatings Inc. (the "Corporation") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Securities Act, R.S.O. 1990, c.S.5, as amended (the "Act") that certain trades in common shares of the Corporation shall not be subject to Sections 25 or 53 of the Act.

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

AND UPON the Corporation having represented to the Commission that:

1. The Corporation was formed under the Business Corporations Act (Ontario) (the "OBCA") on December 12, 1986. The head office of the Corporation is located at 780 Fenmar Drive, Weston, Ontario.
2. The Corporation is a reporting issuer under the Act and is not in default of any requirements of the Act or regulations made under the Act.
3. The authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of non-voting, non-cumulative preference shares, issuable in series and convertible into one Common Share and redeemable at their share capital amount, of which 47,793,816 Common Shares and no preference shares are issued and outstanding at the date hereof. The Common Shares are listed for trading

on the Canadian Venture Exchange ("CDNX") under the symbol "AQC".

4. The Corporation's primary business is the manufacture of industrial and commercial corrosion protection coatings. The Corporation markets products throughout North America through two subsidiaries, Scotiachemco Inc. and Trend Coatings Limited (collectively, the "Subsidiaries").
5. The Corporation has been experiencing financial difficulty for some time. The Corporation's audited financial statements as at March 31, 2001 showed assets of \$693,332, current liabilities of \$7,983,476, and a shareholders' deficiency of \$7,290,144. For the fiscal year ended March 31, 2001, the Corporation reported a loss before debt forgiveness of \$1,378,888 and a deficit of \$14,987,189. The Corporation's unaudited balance sheet as at the end of the three month period ended June 30, 2001, showed current liabilities exceeding assets.
6. Recently, the Corporation issued 5,000,000 Common Shares to 727779 Alberta Ltd. ("727779"), a major secured creditor of the Corporation, at a deemed price of approximately \$0.10 per Common Share in full satisfaction of debt owed to 727779. The Corporation received the consent of the CDNX for this debt to equity conversion.
7. In addition, the Corporation has reached agreements with other major secured creditors (the "Major Secured Creditors") to convert approximately \$4,687,000 in debt to equity on the basis of one Common Share for every \$0.36 of indebtedness. A condition of the debt conversion agreements with the Major Secured Creditors is that trade creditors holding at least 50% of the indebtedness owed to all trade creditors agree to convert their debt into Common Shares.
8. To alleviate its financial difficulties, and in accordance with the conditions of the debt conversion agreements with the major secured creditors, the Corporation made a proposal in January 2001 to all of its trade creditors to convert debt owed to such creditors by the Corporation or the Subsidiaries into Common Shares, on the basis of one Common Share per \$0.10 of indebtedness.
9. Attached as Exhibit A hereto is a table setting forth the names of the trade creditors located in Ontario (the "Creditors") who accepted the Corporation's proposal, the amount owed to each Creditor, and the number of Common Shares proposed to be issued to each Creditor. The Corporation has agreed, subject to regulatory (including CDNX) approval, to issue an aggregate of 877,304 Common Shares to the Creditors in full satisfaction of the outstanding indebtedness owing by the Corporation or the Subsidiaries to them.
10. Each of the Creditors had originally entered into contractual relations with the Corporation and the Subsidiaries with the expectation that cash payment would be made by the Corporation or the Subsidiaries for products or services provided.

11. Each of the Creditors deals at arm's length with the Corporation and the Subsidiaries and are bona fide creditors of the Corporation and the Subsidiaries.
12. The issuance of 877,304 Common Shares to the Creditors will represent approximately 1.8% of the issued and outstanding Common Shares after giving effect to the issuance of such Common Shares. After giving effect to the issuance of Common Shares to the Major Secured Creditors and trade creditors located outside of Ontario, the 877,304 Common Shares to be issued to the Creditors will represent approximately 1.2% of the issued and outstanding Common Shares.
13. The Corporation has received conditional approval from the CDNX for the issuance of the Common Shares to the Creditors in satisfaction of debt owed to them.

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 of an aggregate of 877,304 Common Shares to the Creditors is not subject to section 25 or 53 of the Act, provided that:

- (a) prior to or concurrently with the issuance of the Common Shares to the Creditors, the Corporation will provide the Creditors with a copy of the ruling made by the Commission in respect of this application, together with a statement explaining that, as a consequence of the ruling, certain protections, rights and remedies provided under the Act to purchasers of securities distributed by way of prospectus, including statutory rights of rescission and damages, are not available; and
- (b) the first trade in Common Shares issued to the Creditors pursuant to the ruling shall be a distribution unless such first trade is made in accordance with the provisions of subsection 72(5) of the Act and Commission Rule 45-501 as if such securities had been acquired pursuant to an exemption referred to in subsection 72(5) of the Act.

October 19th, 2001.

"R. Stephen Paddon"

"Derek Brown"

2.3.3 Duke Energy Corporation and Westcoast Energy Inc. - (s. 3.1 of Rule 54-501)

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 Rules 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
DUKE ENERGY CORPORATION

AND

IN THE MATTER OF
WESTCOAST ENERGY INC.

RULING
(Section 3.1 of Rule 54-501)

UPON the application of Duke Energy Corporation ("Duke Energy") and Westcoast Energy Inc. ("Westcoast") (collectively, the "Applicant") to the Ontario Securities Commission (the "Commission") for an order pursuant to Section 3.1 of Rule 54-501 that Westcoast be exempt from any requirement to provide the following with respect to Duke Energy in the management information circular (the "Circular") to be sent to Westcoast Securityholders (as defined below):

- (a) the requirement set forth in Section 9.1 of the General Prospectus Requirements of Rule 41-501 and Item 8.4 of Form 41-501F1 that historical and *pro forma* financial statements of Duke Energy prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") be accompanied by a note to explain and quantify the effect of material differences between Canadian generally accepted accounting principles ("Canadian GAAP") and U.S. GAAP that relate to measurements and provide a reconciliation of such financial statements to Canadian GAAP;
- (b) the requirement set forth in Section 9.4 of the General Prospectus Requirements of Rule 41-501 that the Duke Energy auditor's report disclose any material differences in the form and content of its auditor's report as compared to a Canadian auditor's report and confirming that the auditing standards applied are substantially equivalent to Canadian generally accepted auditing standards; and

(c) the requirement of Section 8.5(2) of Form 41-501F1 that the Duke Energy MD&A provide a restatement of those parts of the Duke Energy MD&A that would read differently if the Duke Energy MD&A were based on statements prepared in accordance with Canadian GAAP and the requirement of Section 8.5(4) of Form 41-501F1 that the Duke Energy MD&A provide a cross-reference to the notes in the financial statements that reconcile the differences between U.S. GAAP and Canadian GAAP.

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

AND UPON the Applicant having represented to the Director that:

1. Pursuant to a combination agreement dated September 20, 2001 between Duke Energy, Westcoast, 3058368 Nova Scotia Company and 3946509 Canada Inc. ("Exchangeco"), Duke Energy intends to acquire all of the outstanding common shares of Westcoast (the "Westcoast Common Shares") in a transaction (the "Transaction") to be effected pursuant to a plan of arrangement (the "Arrangement"). The Arrangement will be carried out under section 192 of the *Canada Business Corporations Act* (the "CBCA"). The effect of the Arrangement will be to provide holders (the "Westcoast Shareholders") of Westcoast Common Shares (other than Westcoast Common Shares held by dissenting shareholders or by Duke Energy or its affiliates) with cash, shares of common stock of Duke Energy (the "Duke Energy Common Shares"), exchangeable shares of Exchangeco (the "Exchangeable Shares"), or a combination thereof, in exchange for their Westcoast Common Shares. The exchange of Westcoast Common Shares for Duke Energy Common Shares or Exchangeable Shares will be based on an exchange ratio (the "Exchange Ratio") determined based on the 20-day weighted average trading price of Duke Energy Common Shares during a trading period prior to the closing of the Transaction and a fixed currency exchange ratio, subject to a maximum exchange ratio of 0.7711 and a minimum exchange ratio of 0.6119, and subject to certain proration adjustment provisions which provide, among other things, that approximately 50% of the consideration to be paid to Westcoast Shareholders will be paid in cash and approximately 50% will be paid in Duke Energy Common Shares and/or Exchangeable Shares. The Westcoast Common Shares will be transferred to and acquired by Exchangeco, an indirect wholly-owned subsidiary of Duke Energy, such that, upon completion of the Transaction, Duke Energy will own indirectly all of the Westcoast Common Shares.
2. Duke Energy is incorporated under the laws of North Carolina. Duke Energy Common Shares are listed on The New York Stock Exchange (the "NYSE") under the symbol "DUK". Duke Energy is currently subject to the *United States Securities Exchange Act* of 1934, as amended (the "Exchange Act"). Duke Energy is not a "reporting issuer" or the equivalent in any province or territory of Canada.
3. As of October 2, 2001 there were 98 registered holders of Duke Energy Common Shares in Canada holding 67,673 Duke Energy Common Shares, representing approximately 0.0087% of the total number of issued and outstanding Duke Energy Common Shares. As of September 6, 2001, of all of the options outstanding under the Duke Energy stock option plans ("Duke Energy Options") there were 28 persons in Canada holding options to purchase an aggregate of 100,377 Duke Energy Common Shares, representing approximately 0.18% of the Duke Energy Common Shares reserved for issuance pursuant to Duke Energy stock option plans.
4. Westcoast is incorporated under the CBCA. The Westcoast Common Shares are listed on The Toronto Stock Exchange (the "TSE") under the symbol "W" and on the NYSE under the Symbol "WE". Westcoast is a "reporting issuer" or the equivalent in all provinces of Canada. To the best of the knowledge of Westcoast, Westcoast is not in default of any of the requirements of the securities legislation of Ontario. Westcoast is also currently subject to the reporting requirements applicable to foreign private issuers under the *Exchange Act*.
5. As of October 1, 2001, there were 6,363 registered Westcoast Shareholders in Canada holding 97,050,191 Westcoast Common Shares, representing approximately 78.32% of the total number of issued and outstanding Westcoast Common Shares. As of September 30, 2001, of all of the options outstanding under the Westcoast stock option plans ("Westcoast Options"), Westcoast Options representing the right to acquire 5,009,740 Westcoast Common Shares were held by residents in Canada, representing approximately 98.6% of the total number of Westcoast Common Shares which may be acquired pursuant to the exercise of Westcoast Options.
6. Westcoast is currently eligible to file under National Instrument 44-101 - "Short Form Prospectus Distributions".
7. Prior to the Special Meeting (as defined below), Westcoast will apply under section 192 of the CBCA for an interim order (the "Interim Order") of the Supreme Court of British Columbia which order will specify, among other things, certain procedures and requirements to be followed in connection with the calling and holding of the Special Meeting and the completion of the Arrangement.
8. A special meeting (the "Special Meeting") of the Westcoast Securityholders is anticipated to be held on or about December 13, 2001 at which Westcoast will, among other things, seek the requisite Westcoast Securityholder approval (which, pursuant to the Interim Order, is expected to be 66% of the votes attached to the Westcoast Common Shares and Westcoast Options, voting as one class, represented at the Special Meeting) for the special resolution approving the Arrangement.

9. In connection with the Special Meeting and pursuant to the Interim Order, Westcoast will mail on or about November 9, 2001 to each Westcoast Shareholder and to each holder of Westcoast Options (together with Westcoast Shareholders, the "Westcoast Securityholders") (i) a notice of annual and special meeting, (ii) a form of proxy, and (iii) the Circular. Westcoast will subsequently mail to each Westcoast Shareholder a letter of transmittal and election form by which Westcoast Shareholders will be entitled to elect the consideration to be received in exchange for their Westcoast Common Shares. The Circular will be prepared in accordance with Rule 54-501, except with respect to any relief granted therefrom, and will contain disclosure of the Transaction and the business and affairs of each of Duke Energy and Westcoast.
10. The Circular will contain the following financial statements:
- (a) unaudited *pro forma* consolidated balance sheet of Duke Energy as of June 30, 2001 and unaudited *pro forma* consolidated statements of income for the year ended December 31, 2000 and for the six months ended June 30, 2001 and the compilation reports thereon, in each case as if the Arrangement had occurred on January 1, 2000, and all in accordance with U.S. GAAP;
 - (b) audited annual financial statements of Duke Energy for each of the three fiscal years ended December 31, 1998, December 31, 1999 and December 31, 2000 together with balance sheets as at the end of such periods and the auditor's reports thereon, and unaudited interim financial statements for the period ended June 30, 2001, all in accordance with U.S. GAAP; and
 - (c) audited annual financial statements of Westcoast for the fiscal year ended December 31, 2000, together with the balance sheet as at the end of such period and the auditor's report thereon, and unaudited interim financial statements for the period ended June 30, 2001, all in accordance with Canadian GAAP.
11. It is expected that upon consummation of the Arrangement or shortly thereafter the Westcoast Common Shares will be delisted from the TSE and the NYSE.
12. Duke Energy is making an application to the NYSE in order that the Duke Energy Common Shares issued pursuant to the Arrangement, and the Duke Energy Common Shares issuable on exercise of options issued in connection with the Arrangement to replace Westcoast Options, be listed for trading on the NYSE. Duke Energy is also making an application to the TSE in order that the Exchangeable Shares be listed for trading on the TSE.
13. Upon the completion of the Arrangement, assuming that all of the Westcoast Shareholders elect to exchange their Westcoast Common Shares for the maximum number of Duke Energy Common Shares

issuable pursuant to the Arrangement, and assuming the maximum exchange ratio applicable to the exchange of Westcoast Common Shares for Duke Energy Common Shares, it is expected that the beneficial holders of Duke Energy Common Shares resident in Canada (calculated based upon the estimated number of registered Westcoast Shareholders and registered holders of Duke Energy Common Shares who are resident Canadians as of October 3, 2001) will hold approximately 8.57% of the issued and outstanding Duke Energy Common Shares. That percentage would increase to approximately 8.98% if it is assumed that all of the Westcoast Options held by Canadian residents were exercised prior to the effective date of the Arrangement.

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

THE DECISION of the Director is that, pursuant to Section 3.1 of Rule 54-501, Westcoast shall be exempt from any requirement to provide the following in the Circular with respect to Duke Energy:

- (a) the requirement set forth in Section 9.1 of the General Prospectus Requirements of Rule 41-501 and Item 8.4 of Form 41-501F1 that historical and *pro forma* financial statements of Duke Energy prepared in accordance with U.S. GAAP be accompanied by a note to explain and quantify the effect of material differences between Canadian GAAP and U.S. GAAP that relate to measurements and provide a reconciliation of such financial statements to Canadian GAAP;
- (b) the requirement set forth in Section 9.4 of the General Prospectus Requirements of Rule 41-501 that the Duke Energy auditor's report disclose any material differences in the form and content of its auditor's report as compared to a Canadian auditor's report and confirming that the auditing standards applied are substantially equivalent to Canadian generally accepted auditing standards; and
- (c) the requirement of Section 8.5(2) of Form 41-501F1 that the Duke Energy MD&A provide a restatement of those parts of the Duke Energy MD&A that would read differently if the Duke Energy MD&A were based on statements prepared in accordance with Canadian GAAP and the requirement of Section 8.5(4) of Form 41-501F1 that the Duke Energy MD&A provide a cross-reference to the notes in the financial statements that reconcile the differences between U.S. GAAP and Canadian GAAP.

October 22, 2001.

"K. Soden"

Chapter 3

Reasons: Decisions, Orders and Rulings

THERE IS NO MATERIAL FOR THIS CHAPTER
IN THIS ISSUE

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
Pacific Consolidated Resources Corp.	18 Oct 01	30 Oct 01	-	-
Online Direct Inc.	18 Oct 01	30 Oct 01	-	-
Unirom Technologies Inc.	19 Oct 01	31 Oct 01	-	-
Tropika International Limited WYE Resources Inc.	24 Oct 01	5 Nov 01	-	-

4.2.1 Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Dotcom 2000 Inc.	29 May 01	11 Jun 01	11 Jun 01	-	23 Jul 01
St. Anthony Resources Inc.	29 May 01	11 Jun 01	11 Jun 01	23 Jun 01	-
Galaxy OnLine Inc. Melanesian Minerals Corporation	29 May 01	11 Jun 01	11 Jun 01	24 Jul 01	-
Brazilian Resources, Inc. Link Mineral Ventures Ltd. Nord Pacific Limited	30 May 01	12 Jun 01	12 Jun 01	-	23 Jul 01
Landmark Global Financial Corp.	30 May 01	12 Jun 01	12 Jun 01	28 Jun 01	-
Dominion International Investments Inc.	12 Jun 01	25 Jun 01	25 Jun 01	-	23 Jul 01
Zamora Gold Corp.	13 Jun 01	26 Jun 01	26 Jun 01	18 Jul 01	-
Consumers Packaging Inc.	20 Jun 01	03 Jul 01	-	05 Jul 01	-
Systech Retail Systems Inc.	27 Jun 01	10 Jul 01	10 Jul 01	23 Aug 01	-
United Trans-Western, Inc.	05 Jul 01	18 Jul 01	19 Jul 01	-	23 Jun 01

Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Digital Duplication Inc.	10 Jul 01	23 Jul 01	23 Jul 01	23 Aug 01	-
Online Direct Inc.	22 Aug 01	04 Sep 01	04 Sep 01	-	-
Aquarius Coatings Inc.	23 Aug 01	05 Sep 01	06 Sep 01	9 Oct 01	-
Primenet Communications Inc.	29 Aug 01	11 Sep 01	11 Sep 01	-	-
Unirom Technologies Inc.	30 Aug 01	12 Sep 01	12 Sep 01	-	-
Zaurak Capital Corporation	30 Aug 01	12 Sep 01	12 Sep 01	28 Sep 01	-
Galaxy Online Inc.	14 Sep 01	27 Sep 01	-	27 Sep 01	27 Sep 01
Consumers Packaging Inc.	19 Sep 01	25 Sep 01	25 Sep 01	-	-
Diadem Resources Ltd.	23 Oct 01	5 Nov 01	-	-	-

Chapter 5

Rules and Policies

5.1 Rules and Policies

5.1.1 NI 33-105 & 33-105 CP - Underwriting Conflicts

**NOTICE OF NATIONAL INSTRUMENT 33-105
AND COMPANION POLICY 33-105CP
UNDERWRITING CONFLICTS
AND
CERTAIN AMENDMENTS TO
REGULATION 1015 OF
THE REVISED REGULATIONS OF ONTARIO, 1990**

Notice of Rule and Policy

The Commission has, under section 143 of the *Securities Act* (the "Act"), made National Instrument 33-105 Underwriting Conflicts (the "National Instrument") as a Rule under the Act, and has adopted Companion Policy 33-105CP to National Instrument 33-105 Underwriting Conflicts (the "Companion Policy") as a Policy under the Act.

The National Instrument and the material required by the Act to be delivered to the Minister of Finance were delivered on October 19, 2001. If the Minister does not reject the National Instrument or return it to the Commission for further consideration by December 18, 2001, or if the Minister approves the National Instrument, the National Instrument will come into force, pursuant to section 6.1 of the National Instrument, on January 3, 2002. The Companion Policy will come into force on the date that the National Instrument comes into force.

The National Instrument and Companion Policy are initiatives of the Canadian Securities Administrators (the "CSA"). Drafts of the National Instrument and Companion Policy were previously published for comment in June 2001 (the "2001 Draft Instrument and Policy"),¹ and in February 1998 (the "1998 Draft Instrument and Policy")² (collectively, the "Draft Instruments").

At the time of the publication of the Draft Instruments, it was not anticipated that the Draft Instruments would be proposed for adoption by the Commission des valeurs mobilières du Québec (the "Québec Commission"). Accordingly, the 2001 Draft Instrument was referred to as a Multilateral Instrument rather than a National Instrument. The CSA previously referred to instruments which were being proposed for

adoption in some, but not all, of the jurisdictions of the CSA as "Multi-Jurisdictional", rather than "Multilateral", instruments; accordingly, the 1998 Draft Instrument was published in 1998 as Multi-Jurisdictional Instrument 33-105.

Since the date of publication of the 2001 Draft Instrument, the Québec Commission has determined that, as a consequence of the amendments made to and included in the 2001 Draft Instrument, and in the interest of harmonizing the requirements facing market participants in Québec with those of market participants in the other CSA jurisdictions, the underwriting conflicts regime contemplated by the National Instrument and the Companion Policy should be adopted in the Province of Québec.

Accordingly, concurrently with the publication of this Notice, the Québec Commission will be publishing the National Instrument and Companion Policy for comment in accordance with the requirements of Québec securities law. Although the Québec Commission has not previously published the National Instrument and Companion Policy for comment, the Québec Commission has worked closely with the other CSA jurisdictions in the development of the National Instrument and Companion Policy and has had the opportunity to review and consider the comments previously raised in response to the requests for comments published by the other CSA jurisdictions. In the event that, following its review of comments received in response to the publication of the National Instrument and Companion Policy for comment, the Québec Commission determines that further amendment to the National Instrument or Companion Policy is necessary prior to adoption by that jurisdiction, it is anticipated that the National Instrument will take effect as a Multilateral Instrument in the other CSA jurisdictions, and the Québec Commission will consult with the other CSA jurisdictions as to the most appropriate course of action. Interested parties are advised to contact staff at the Québec Commission if they have any questions with respect to the status of the National Instrument and Companion Policy in that jurisdiction.

The National Instrument has been, or is expected to be, adopted as a rule in each of British Columbia, Alberta, Ontario, Newfoundland and Nova Scotia, a Commission regulation in Saskatchewan, and a policy in all other jurisdictions represented by the CSA. The Companion Policy has been, or is expected to be, implemented as a policy in all the jurisdictions represented by the CSA.

Drafts of the National Instrument and Companion Policy were previously published for comment in February 1998 and June 2001. A summary of the comments received in respect of the 1998 Draft Instrument and Policy together with the CSA's responses may be found in Appendix A to the Notice which accompanied the publication of the 2001 Draft Instrument in June 2001.

¹ In Ontario, at (2001), 24 OSCB 3805 (June 22, 2001).

² In Ontario, at (1998), 21 OSCB 781 (February 6, 1998).

During the most recent comment period on the Draft Instruments which ended on August 22, 2001, the CSA received two submissions. The comments provided in these submissions have been considered by the CSA and the final versions of the National Instrument and Companion Policy being published with this Notice reflect the decisions of the CSA in this regard. Appendix A of this Notice identifies the commenters on the Draft Instruments and provides a summary of the comments received and the responses of the CSA.

Substance and Purpose of the Proposed Multilateral Instrument and Companion Policy

The substance and purpose of the National Instrument is to impose appropriate regulatory requirements on distributions of securities in which the relationship between the issuer or selling securityholder of the securities and the registrant acting as underwriter raises the possibility that the registrant will be in an actual or perceived position of conflict between its own interests or those of the issuer or selling securityholder, and those of investors. The National Instrument imposes certain disclosure requirements on these transactions and, in some cases, the requirement that an independent dealer participate in the distribution.

The purpose of the Companion Policy is to state the views of the CSA on various matters relating to the National Instrument, and to provide market participants with guidance in understanding the operation of the National Instrument and the policy concerns that lie behind some of its provisions.

Summary of Changes to the National Instrument from the 2001 Draft Instrument

There have been no material changes made in the National Instrument from the 2001 Draft Instrument. For a detailed summary of the contents of the 2001 Draft Instrument and the 1998 Draft Instrument, reference should be made to the Notices that were published with the Draft Instruments.

Summary of Changes to the Proposed Companion Policy from the 2001 Draft Policy

The CSA have amended the Companion Policy in accordance with a comment made by the Québec Commission by adding a new Part 5 to the Companion Policy, entitled Control Measures. This amendment states that registrants are encouraged to adopt written internal control measures to ensure that, in connection with the distribution of securities of a "related issuer" or a "connected issuer", they deal with the issuer as an independent party, as if acting at arm's length.

As indicated in the amendment, the amendment is not intended to represent a new requirement or obligation for registrants, but rather is intended to reflect the CSA's views as to registrant best practices in connection with underwriting activities where there is a connected or related issuer relationship. Accordingly, the CSA do not regard this amendment as constituting a material change to the Companion Policy.

For a detailed summary of the contents of the 2001 Draft Policy and the 1998 Draft Policy, reference should be made to the Notices which accompanied the Draft Instruments.

Regulations to be Amended - Ontario

In Ontario, the Ontario Securities Commission will amend the following provisions of Regulation 1015 of the Revised Regulations of Ontario, 1990 in conjunction with the making of the National Instrument as a rule in Ontario:

1. (1) Subsection 219(1) of the Regulation will be amended by revoking the definition of "connected issuer" and substituting the following:

"connected issuer" has the meaning ascribed to that term in National Instrument 33-105 Underwriting Conflicts".
 - (2) Subsection 219(1) of the Regulation will be amended by revoking the definition of "influence".
 - (3) Subsection 219(1) of the Regulation will be amended by revoking the definition of "related issuer" and substituting the following:

"related issuer" has the meaning ascribed to that term in National Instrument 33-105 Underwriting Conflicts".
 - (4) Subsections 219(2) and (4) of the Regulation will be revoked.
2. Section 224 of the Regulation will be revoked.
 3. Subsection 230(3) will be amended by deleting the words "Sections 224 and 225 do not apply", and substituting the following: "Section 225 does not apply".

Text of Proposed Multilateral Instrument and Companion Policy

The text of the National Instrument and Companion Policy follows.

October 19, 2001.

APPENDIX A

SUMMARY OF COMMENTS RECEIVED
ON
DRAFT NATIONAL INSTRUMENT 33-105
AND
DRAFT COMPANION POLICY 33-105CP
AND
RESPONSE OF THE CANADIAN SECURITIES
ADMINISTRATORS

1. INTRODUCTION

On February 6, 1998, the Canadian Securities Administrators (the "CSA") published for comment proposed Multi-Jurisdictional Instrument 33-105 Underwriting Conflicts (the "1998 Draft Instrument") and proposed Companion Policy 33-105CP (the "1998 Draft Policy"). The CSA received submissions on the 1998 Draft Instrument and 1998 Draft Policy from three commenters. The names of these commenters and a summary of their comments, together with the CSA's responses, were previously published in the Appendix to the Notice of Proposed Changes to Proposed Multilateral Instrument 33-105.³

As a consequence of these comments and further consideration of the instruments, the CSA republished proposed Multilateral Instrument 33-105 (the "2001 Draft Instrument") and proposed Companion Policy 33-105 (the "2001 Draft Policy") for a second comment period in June 2001.⁴ This comment period ended August 22, 2001. During the comment period, the CSA received submissions on the 2001 Draft Instrument and 2001 Draft Policy from one commenter, Mr. Simon Romano (the "Commenter"), a partner with the law firm of Stikeman Elliott in Toronto. The CSA subsequently received an additional comment from Canaccord Capital Corporation ("Canaccord").

Copies of these comment letters may be viewed at the office of Micromedia, 20 Victoria Street, Toronto, Ontario (416) 312-5211 or (800) 387-2689; the office of the British Columbia Securities Commission, 12th Floor, 701 West Georgia Street, Vancouver, British Columbia (604) 899-6500; and the office of the Alberta Securities Commission, Suite 400, 300-5th Avenue SW, Calgary, Alberta, T2P 3C4 (403) 297-6454.

The CSA have considered these comments received and thank the commenters for providing their comments. The CSA have made a number of minor amendments to the 2001 Draft Instrument and 2001 Draft Policy which reflect these comments. The CSA have determined that these amendments do not represent material changes to the 2001 Draft Instrument or the 2001 Draft Policy. Accordingly, in the jurisdictions that have previously published the Draft Instruments, the instruments are not being republished for further comment.

³ In Ontario, at (2001), 24 OSCB 3808 (June 22, 2001).

⁴ In Ontario, at (2001), 24 OSCB 3805 (June 22, 2001).

The following is a summary of the comments received, together with the CSA's responses and, where applicable, the proposed changes in response to the comments.

2. GENERAL COMMENTS

General

The Commenter noted that his comments represented his personal comments and not those of his firm. The Commenter prefaced his comments by noting that the 2001 Draft Instrument generally represented a very welcome addition to the regulatory landscape governing underwriting conflicts.

1. Participation by Québec

The Commenter noted that it would be very helpful if the reasons why the QSC was not proposing to adopt MI 33-105 were specified in some detail in order that parties may know where they are likely to experience divergence, if anywhere.

CSA Response

As noted previously, at the time of the publication of the Draft Instruments, it was not anticipated that the Draft Instruments would be proposed for adoption by the Québec Commission. However, since the publication of the 2001 Draft Instrument and Policy, the Québec Commission has determined that the underwriting conflicts regime contemplated by the National Instrument and the Companion Policy should be adopted in the Province of Québec. Accordingly the 2001 Draft Instrument has been renamed National Instrument 33-105 to reflect participation by all of the CSA jurisdictions.

2. Distinction between issuers and selling securityholders

The Commenter noted that the distinction between issuers and selling securityholders, while clear in the definition of "connected issuer", may not be clear in the definition of "related issuer". In addition, the Commenter noted that the distinction may be lost in the words "of or by" in subsection 2.1(1) and by the word "or" in subsection 2.1(1) and paragraphs 2.1(2)(a) and (b). The Commenter further noted that, as presently drafted, it would appear that the instrument could apply in the case of a purely secondary transaction, in which the registrant had a connected or related relationship with the issuer, but not the selling securityholder, and questioned whether it was intended that the instrument apply in this case.

CSA Response

The CSA have not amended the National Instrument in response to this comment. The CSA note that, in the case of a secondary market transaction, where the registrant has a connected or related relationship with the issuer, it may generally be expected that the registrant will also have a connected or related relationship with the selling securityholder.

It is a precondition to the application of subsections 2.1(1) and 2.1(2) of the National Instrument that there be a distribution of securities. Accordingly, in the case of a secondary market transaction, subsections 2.1(1) and (2) will only apply where the selling securityholder holds a sufficient number of

securities of the issuer materially to affect the control of that issuer. Consequently, the selling securityholder will generally be an "influential securityholder" of the issuer, and a "related issuer" of the issuer.

The extended definition of "connected issuer" in section 1.1 of the National Instrument provides that a selling securityholder distributing securities may be a "connected issuer" of a registrant if the selling securityholder, or a related issuer of the selling securityholder, has a relationship with, *inter alia*, the registrant that may lead a reasonable prospective purchaser of the securities to question if the registrant and the selling securityholder are independent of each other for the distribution.

Accordingly, if the registrant has a connected or related relationship with the issuer, with the result that a reasonable prospective purchaser may question the independence of the registrant vis-à-vis the issuer, it will generally be the case that "...the selling securityholder or a related issuer of the selling securityholder has a relationship with [the prescribed group of persons and companies, including the registrant] that may lead a reasonable prospective purchaser of the securities to question if the registrant and the *selling securityholder* are independent of each other for the distribution".

Where the registrant has a connected or related relationship with the issuer, but does not have either a related or connected relationship with the selling securityholder, the CSA believe that, in many cases, the National Instrument should continue to have application to the distribution of securities. The CSA note that, while the distribution of securities is made by a selling shareholder, rather than the issuer, the pricing and due diligence activities undertaken by the registrant will nevertheless relate to the connected or related issuer.

Finally, the CSA note that these comments would appear to apply also to the 1998 Draft Instrument. The CSA believe that the proposed underwriting conflicts regime set out in the 1998 Draft Instrument is well understood by market participants, and has served as the basis for a significant number of exemptive relief applications. In the course of reviewing these applications, the CSA have not been made aware of any significant concern on the part of market participants with respect to this issue. However, in the event this issue later proves to be of general concern to market participants, the CSA may revisit this issue in a future amendment to the National Instrument.

3. Definition of "Connected Issuer"

The Commenter expressed the view that the definition of "connected issuer" was unduly broad, and that the words "may lead" in the definition ought to be replaced with the words "would lead". The Commenter noted that section 4.2 of the 2001 Draft Policy used the words "would lead".

CSA Response

The CSA have not amended the National Instrument in response to this comment. The CSA have amended section 4.2 of the Companion Policy to be consistent with the National Instrument. The CSA note that this aspect of the definition of "connected issuer" remains unchanged from the definition found in the 1998 Draft Instrument, and a similar comment was

raised in response to the publication of that instrument and was considered by the CSA at that time.

The CSA note that, as a consequence of the amendments previously made to the National Instrument, the independent underwriter requirement contained in subsection 2.1(2) of the National Instrument applies only in the case of distributions involving a related issuer. Where there is a connected issuer relationship, but not a related issuer relationship, the National Instrument simply requires that certain prescribed disclosure be made. The CSA are of the view that, where there exists a relationship between an issuer or selling shareholder and the registrant that may lead a reasonable prospective purchaser of the securities to question the independence of the registrant, such disclosure is appropriate. In view of the disclosure-based approach to regulating actual or perceived conflicts of interest, the CSA believe that the standard represented by the word "may" is widely understood by and is not unduly onerous towards market participants.

4. Definition of "Independent Underwriter"

In view of the amendments to the 2001 Draft Instrument which essentially create a disclosure-only regime for connected issuers, the Commenter questioned whether the definition of "independent underwriter" should be amended to refer only to related, and not connected, issuers.

CSA Response

The CSA have not amended the National Instrument in response to this comment. The National Instrument seeks to protect the integrity of the underwriting process in circumstances in which there is a perceived or actual conflict of interest between the issuer or selling securityholder and the registrant by requiring full disclosure of the relationships giving rise to the potential conflict of interest, and, in the case of a distribution involving a related issuer, by requiring an independent underwriter to participate in the transaction.

By definition, a registrant which is in a connected issuer relationship with an issuer will not be considered to be independent of that issuer, since the definition of "connected issuer" requires that there exist "a relationship that may lead a reasonable prospective purchaser of the securities to question if the registrant and the issuer are independent of each other for the distribution."

5. Qualification of securities other than by prospectus

The Commenter noted that in the 1998 Draft Instrument, the independent underwriter requirement (found in subsection 2.1(b) of the 1998 Draft Instrument) applied only in the case of a "distribution made under a prospectus", whereas in the 2001 Draft Instrument the independent underwriter requirement (found in subsections 2.1(2) and (3) of the 2001 Draft Instrument) applied in the case of "a distribution of special warrants or a distribution made under a prospectus".

The Commenter questioned whether, in view of this extension of the independent underwriter requirement to include distributions involving special warrants, the independent underwriter requirement should also be extended to include situations where securities are qualified other than by way of

à prospectus, such as by way of a securities exchange issuer bid or an amalgamation circular.

CSA Response

The CSA have not amended the National Instrument in response to this comment. The independent underwriter requirement contained in subsections 2.1(2) and 2.1(3) of the National Instrument applies only in the case of a distribution involving special warrants or a distribution made under a prospectus. In the case of other forms of distributions, there is no specific requirement in the National Instrument for independent underwriter involvement. The CSA amended subsections 2.1(2) and 2.1(3) expressly to make reference to a distribution of special warrants for the reason that, in substance, the distribution represents a distribution under a prospectus.

6. Calculation rules

The Commenter noted that section 2.2 of the National Instrument sets out different tests for Canadian issuers (i.e., non-foreign issuers) and foreign issuers, and suggested that this distinction may place Canadian issuers at a disadvantage. As an alternative, the Commenter proposed that Canadian issuers be able to select either the "full deal" or "Canada-only" approach.

CSA Response

The CSA have not amended the National Instrument in response to this comment. The CSA believe that the regime contained in the National Instrument represents an appropriate and balanced approach to regulating underwriting conflicts in connection with distributions of securities in Canada. As a consequence of the amendments previously made to the 2001 Draft Instrument, the requirement for independent underwriter involvement in a distribution of special warrants or a distribution made under a prospectus has been limited to those cases where the registrant is the issuer or selling shareholder, or where a related issuer of the registrant is the issuer or selling shareholder.

Where the registrant, or a related issuer of the registrant, is the issuer or selling securityholder in the distribution, the CSA believe that participation by an independent underwriter in the distribution represents an important means of protecting the integrity of the underwriting process. In these cases, the CSA believe that the interest of investors in an underwriting process free of any actual or perceived conflict outweighs the potential inconvenience to issuers from involving independent underwriters in the distribution.

However, the National Instrument also recognizes that it will not always be appropriate to impose the full range of Canadian securities regulatory requirements on international offerings by foreign issuers. Such requirements may unnecessarily duplicate requirements to which the foreign issuer is already subject. In other cases, imposing such requirements may result in foreign issuers choosing to avoid Canadian capital markets altogether. Consequently, in order to facilitate international offerings within Canada, the CSA is generally prepared to relax certain regulatory requirements where the degree of connection with Canada is reduced, and the CSA is satisfied that the interest of investors in being able to

participate in such offerings outweighs the concern over the lesser degree of regulation. Accordingly, section 3.2 of the National Instrument provides that if more than 85 percent of the offering takes place outside of Canada, the independent underwriter requirement does not apply. Similarly, where an offering is made only partly in Canada, and where the issuer qualifies as a "foreign issuer", in calculating the size of the distribution and the required degree of involvement by an independent underwriter, it is only necessary to look to the size of the distribution in Canada.

7. Definition of "Influential Securityholder"

- a) The Commenter expressed the view that, with respect to the definition of "influential securityholder", it may be very difficult, if not impossible, to determine the holdings of all employees of a large registrant in a particular company at any given time, and felt that this was excessive.
- b) The Commenter also noted that, as a consequence of the "power to direct the voting of" concept, managed funds would appear to be caught. The Commenter was of the view that this was inconsistent with National Instrument 62-103 and the alternative monthly reporting system, which is designed to relieve passive institutional investors from the need to monitor their positions on a daily basis.
- c) The Commenter further felt that the definition was unnecessarily complex, and proposed, as an alternative, a single 20% standard.
- d) The Commenter further questioned whether it was necessary, in section 1.2(1)(a)(ii), to include securities which are not currently exercisable.
- e) Finally, the Commenter felt that, the definition of "registrant", by adding the words "or required to be registered", seems to complicate the analysis tremendously by requiring all business activities to be reviewed.

CSA Response

The CSA have not amended the National Instrument in response to these comments. The CSA note that, other than the addition of subparagraphs (a)(iii) and (a)(iv), which prescribe when a person or company or professional group will be an "influential securityholder" of an issuer that is a partnership, the definition of "influential securityholder" is essentially unchanged from that found in the 1998 Draft Instrument.

The CSA's specific responses to the Commenter's comments are as follows.

- a) The relevant part of the definition of "influential securityholder" found in the National Instrument is based on proposals put forward by the Joint Securities Industry Committee on Conflicts of Interest (the "Hagg Committee")⁵ in

⁵ In 1996, the Investments Dealers Association of Canada, and the Montreal, Toronto, Calgary and Vancouver Stock Exchanges formed the Joint Security Industry Committee on Conflicts of Interest to examine the potential conflicts of interest that occur when dealers participate in emerging company investments. The Joint Committee (often

their final report published in September 1997. The Hagg Committee's final report recommended that the concept of a "professional group" be introduced into the rules governing underwritings by related or connected issuers. The concept of "professional group" was recommended to deal with the perception that, even though the amount of stock of an issuer held by a registrant firm may be small, the combined holding of that issuer's shares by individuals within that firm, including directors, officers, brokers and corporate finance personnel, may be significant. The final report recommended that the conflict of interest rules relating to underwritings be applicable to holdings by a professional group of 20 percent or more of an issuer.

The CSA accept the conclusions and recommendations of the Hagg Committee in this regard and accordingly, in determining whether a person or company or professional group comes within the definition of "influential securityholder", it will be necessary for registrants to monitor the holdings of its employees. The CSA do not believe that this represents an inappropriate requirement and note that the Investment Dealers Association of Canada (the "IDA") proposed by-laws contain similar requirements.

The CSA also note that it is the practice of dealers to review the trading of securities by all employees as part of normal compliance procedures.

(b) The CSA do not believe that the definition of "influential securityholder" is inconsistent with National Instrument 62-103 – The Early Warning System and Related Take-Over Bid and Insider Reporting Issues. The CSA note that under NI 62-103, the list of eligible institutional investors does not include dealers. Accordingly dealers would not ordinarily be exempt from the requirement to keep track, on a daily basis, of the shares of companies that they own or vote. To the extent that dealers act as portfolio managers for managed funds, the National Instrument would have application.

The CSA further note that NI 62-103 was generally designed to reduce the scope of the obligation to put in place a system to aggregate share positions across financial conglomerates on a daily basis. In contrast, the National Instrument would require both the issuer and the dealer to determine the scope of their relationship at the time of the underwriting (i.e., a discrete point in time, rather than on a continuous basis). This requirement is not new to the National Instrument. Rather, since the introduction of the underwriting conflicts regime in the late 1980s, issuers and registrants have been required to make this determination.

Finally, the CSA note that this comment is similar to that previously raised by another commenter in response to the request for comments in respect of the 1998 Draft Instrument. The CSA believe that the earlier response, reproduced below, remains appropriate.

The CSA do not accept the suggestion that the application of the proposed Instrument should be restricted to "material" subsidiaries or some similar

referred to as the "Hagg Committee" after its Chairman, John Hagg, of Northstar Energy Corporation) delivered its final report in September 1997.

concept. The issue being addressed by the proposed Instrument is the possibility of conflicts of interest arising in connection with the distribution of securities of an issuer; these conflicts could arise because of the influence of a parent company of the issuer, for instance, even if the issuer was very small in relation to the size of the parent. The CSA recognize the wide ranging application of the proposed Instrument in the case of a large corporate structure like that of the commenter, and will entertain applications for exemption from the application of the normal rules in appropriate circumstances.

(c) The CSA believe that the definition of "influential securityholder" in the National Instrument represents a significant improvement over the existing standard in the securities legislation of the jurisdictions, which is based on the concept of "influence". A single test based on a simple 20% ownership threshold would fail to capture those situations where factors other than direct ownership might allow a person or company to exercise significant leverage over an issuer. The CSA believe that the definition of "influential securityholder" is simpler and clearer than the present test based on "influence" yet nonetheless flexible enough to address these other circumstances.

The CSA further note that the definition of "influential securityholder" is essentially unchanged from the 1998 Draft Instrument. Since the publication of the 1998 Draft Instrument for comment, the CSA have had the opportunity to consider a considerable number of applications for discretionary relief based on the proposed regime, including the key concept of "influential securityholder". In view of this large number of applications, the CSA believe that market participants have not encountered significant difficulties in working within this regime, and believe that this regime reflects an effective and workable approach to regulating underwriting conflicts.

d) For the purposes of the determination described in subsection 1.2(1) of the National Instrument, if a security is outstanding at the time of the determination but is not then convertible or exchangeable, the CSA would not ordinarily consider it necessary to include these securities in the determination.

e) The CSA do not believe that the definition of registrant in the National Instrument is unduly complicated and note that the words "or required to be registered" generally appear within the definition of "registrant" within the securities legislation of the CSA jurisdictions.

8. Exempt Securities

The Commenter further questioned whether section 1.3(a) of the 2001 Draft Instrument was intended also to include exempt securities that are restricted in regulations or rules, such as subordinated bank debt.

CSA Response

Section 1.3 of the National Instrument only exempts those securities described in that section. Other than an amendment to reflect the fact that it is now anticipated that the instrument will be adopted in Québec, section 1.3 of the National Instrument remains unchanged from the 1998 Draft

Instrument. The CSA believe that the exemption created by section 1.3 is clear on its terms. The CSA will consider applications for exemptive relief in respect of other classes of securities which may be analogous to the classes of securities described by section 1.3 on a case-by-case basis.

9. Management Fees

The Commenter questioned the use of the term "management fees" in subparagraph 2.1(3)(a)(ii) and section 2.2 of the instrument, and suggested that the term "agents' fees" or "commissions" may be preferable. The Commenter further questioned whether, in section 2.2 of the instrument, the test was to be assessed against deal value, or fees received in Canada, or both, and noted that these measures could diverge.

CSA Response

The CSA agree with the first comment and have amended the National Instrument and Companion Policy accordingly. With respect to the second comment, the CSA do not believe that section 2.2 is unclear. Section 2.2 should be read in context with subsection 2.1(3). Subparagraph 2.1(3)(a)(ii) provides that, in the case of a distribution in which "each registrant acting as direct underwriter acts as agent and is not obligated to act as principal", the degree of independent underwriter involvement is to be measured by reference to agents' fees. Accordingly, in the case of an agency deal, section 2.2 requires that the calculation be based on the aggregate agents' fees.

10. Valuation Requirement

The Commenter proposed that section 4.1 should be amended to permit the valuation of the issuer referred to in that section to be prepared by valuers who are members of the Canadian Institute of Chartered Business Valuators (the "CICBV"). The Commenter further expressed the view that the reference to a "distribution other than under a prospectus" in subparagraph 4.1(a)(iv) of the instrument should extend to take-over bids and mergers and sought clarification in this regard.

CSA Response

The CSA agree with the first comment, and have amended the National Instrument to make reference to valuations prepared by members of the CICBV. With respect to the second comment, the CSA note that the reference to a "distribution other than under a prospectus" in subparagraph 4.1(a)(iv) remains unchanged from the corresponding reference in subsection 12(b) of Appendix C to the 1998 Draft Instrument. In view of the large number of exemptive relief applications which have been received based on the 1998 Draft Instrument, the CSA believe that market participants have not encountered significant difficulties in working with the disclosure requirements set forth in Appendix C and accordingly do not propose to amend this provision.

11. Appendix C

The Commenter expressed the view that item 6(e) seemed difficult to answer, particularly in the absence of a definition of "financial position", and suggested that a materiality

qualification would assist registrants and issuers in making this determination.

CSA Response

The CSA have not amended the National Instrument in response to this comment. Item 6(e) remains unchanged from the 1998 Draft Instrument. Since the publication of the 1998 Draft Instrument, the CSA have received a large number of applications whereby applicants have sought relief from the independent underwriter requirement as set out in the regulations and have undertaken to provide the disclosure contemplated by that draft instrument. Accordingly, the CSA believe that market participants have been able to understand and are able to comply with the disclosure requirements contained in Appendix C, and that greater uncertainty would result from an amendment to this appendix.

The Canaccord Comment

The CSA have received an additional comment from Canaccord Capital Corporation ("Canaccord"). Although this comment was received outside of the comment period, the CSA were able to consider the comment and have summarized the comment and the CSA response below.

Canaccord expressed its view that the amendments to Part 2 of the 2001 Draft Instrument which generally restrict the requirement for independent underwriter involvement to distributions in which a related issuer relationship exists were of significant concern. This commenter noted that, when the underwriting conflicts regime as it presently exists was first enacted in the late 1980s, there were a large number of independent investment dealers. However, many of these dealers have now disappeared, with most having been acquired by the banks. This commenter further expressed its belief that the banks were increasingly integrating their lending activities with the investment banking activities of their subsidiaries, and were now engaging in "tied selling", suggesting that the banks have indicated to corporate issuers that they would only lend to such issuers if they also received the most profitable investment banking fees.

Canaccord further expressed its belief that, in many cases where there exists a connected issuer relationship but not a related issuer relationship, such as the case of an issuer in financial difficulty seeking to make a public offering in order to reduce or eliminate indebtedness to one or more banks, simple disclosure relating to the relationship was not sufficient, and an independent underwriter should be involved. This commenter suggested that an independent underwriter would provide some balance on whether the issue, pricing, size and targeted capital structure was appropriate. This commenter disputed the suggestion that an independent underwriter would not provide protection for the reason that it would simply be opted.

CSA Response

The CSA have not amended the National Instrument in response to this comment. The amendments to Part 2 of the 2001 Draft Instrument referred to by this commenter were made following careful consideration by the CSA of the comments and recommendations contained within the Reports of the Canadian Securities Administrators Committee on

Conflicts of Interest in Underwriting,⁶ and the Hagg Report, the overall experience of the CSA with the present underwriting conflicts regime since its inception in 1987, and the experience of the CSA in considering applications for discretionary relief based on the underwriting conflicts regime contained in the 1998 Draft Instrument.

As explained in Part 2 of the Companion Policy, the National Instrument identifies a hierarchy of relationships between a registrant acting as underwriter on a distribution and the issuer or selling securityholder of securities in the distribution that give rise to concerns over conflicts of interest:

- (a) The registrant as issuer or selling securityholder;
- (b) An issuer or selling securityholder that is a "related issuer" of the registrant; and
- (c) An issuer or selling securityholder that is a "connected issuer" of the registrant.

As described in the Companion Policy, the National Instrument recognizes the relative degrees of relationships and the resulting potential for conflict by imposing additional requirements for distributions by registrants and their related issuers than for distributions by connected issuers. The relationship described in (a) represents the relationship with the highest degree of conflict of the three recognized by the Instrument. Conversely, the relationship described in (c) represents the relationship with the least degree of conflict.

Ultimately, in their review of the appropriate regulatory response to concerns raised by a connected issuer relationship, the question before the CSA was whether these concerns could be adequately addressed by mandating certain specified disclosure about this relationship, or whether a greater degree of regulatory intervention was required. This question, and the concerns raised by the commenter, received extensive consideration by the CSA. The CSA eventually concluded that, in the case of a connected issuer relationship, a disclosure-based approach was sufficient, and it was not necessary to regulate the composition of the underwriting syndicate involved in the distribution.

The CSA note that, where a registrant is in a position of actual or perceived conflict of interest, the registrant is under a duty at law generally not to allow this conflict of interest in any way to interfere with the registrant's performance of its obligations in the underwriting process. As reflected by the new Part 5 of the Companion Policy, registrants are encouraged to adopt appropriate internal control measures to ensure that this is in fact the case. The CSA are of the view that, where a connected issuer relationship exists, and particularly where the issuer would be considered a "specified party" as that term is defined in the 1998 Draft Instrument, in many cases it may be prudent for the registrant to involve an independent underwriter in order to demonstrate that it has in fact complied with its obligations generally not to be influenced by such conflict of interest.

Finally, with respect to the concern that certain financial sector participants may be engaging in unlawful or anticompetitive activities, the CSA believe that appropriate recourse may be had to the federal and provincial statutes which directly regulate such activities.

⁶ The Committee Report and the Dissent Report were published in Ontario on July 7, 1995 at (1995), 18 OSCB 3157 and (1995), 18 OSCB 3195, respectively.

**NATIONAL INSTRUMENT 33-105
UNDERWRITING CONFLICTS**

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**NATIONAL INSTRUMENT 33-105
UNDERWRITING CONFLICTS**

PART 1 DEFINITIONS, INTERPRETATION AND APPLICATION

1.1 Definitions - In this Instrument

"associated party" means, if used to indicate a relationship with a person or company

- (a) a trust or estate in which
 - (i) that person or company has a substantial beneficial interest, unless that trust or estate is managed under discretionary authority by a person or company that is not a member of any professional group of which the first mentioned person or company is a member, or
 - (ii) that person or company serves as trustee or in a similar capacity,
- (b) an issuer in respect of which that person or company beneficially owns or controls, directly or indirectly, voting securities carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the issuer, or
- (c) a relative, including the spouse, of that person, or a relative of that person's spouse, if
 - (i) the relative has the same home as that person, and
 - (ii) the person has discretionary authority over the securities held by the relative;

"connected issuer" means, for a registrant,

- (a) an issuer distributing securities, if the issuer or a related issuer of the issuer has a relationship with any of the following persons or companies that may lead a reasonable prospective purchaser of the securities to question if the registrant and the issuer are independent of each other for the distribution:
 - (i) the registrant,
 - (ii) a related issuer of the registrant,
 - (ii) a director, officer or partner of the registrant,
 - (iv) a director, officer or partner of a related issuer of the registrant, or
- (b) a selling securityholder distributing securities, if the selling securityholder or a related issuer of the selling securityholder has a relationship with any of the following persons or companies that may lead a reasonable prospective purchaser of the securities to question if the registrant and the

selling securityholder are independent of each other for the distribution:

- (i) the registrant,
- (ii) a related issuer of the registrant,
- (iii) a director, officer or partner of the registrant,
- (iv) a director, officer or partner of a related issuer of the registrant;

"direct underwriter" means, for a distribution,

- (a) an underwriter that is in a contractual relationship with the issuer or selling securityholder to distribute the securities that are being offered in the distribution, or
- (b) a dealer manager, if the distribution is a rights offering;

"foreign issuer" has the meaning ascribed to that term in National Instrument 71-101 The Multijurisdictional Disclosure System;

"independent underwriter" means, for a distribution, a direct underwriter that is not the issuer or the selling securityholder in the distribution and in respect of which neither the issuer nor the selling securityholder is a connected issuer or a related issuer;

"influential securityholder" means, in relation to an issuer,

- (a) a person or company or professional group that
 - (i) holds, has the power to direct the voting of, or has direct or indirect beneficial ownership of, voting securities entitling the person or company or professional group to cast more than 20 percent of the votes for the election or removal of directors of the issuer,
 - (ii) holds, has the power to direct the voting of, or has direct or indirect beneficial ownership of, equity securities entitling the person or company or professional group to receive more than 20 percent of the dividends or distributions to the holders of the equity securities of the issuer, or more than 20 percent of the amount to be distributed to the holders of equity securities of the issuer on the liquidation or winding up of the issuer,
 - (iii) controls or is a partner of the issuer if the issuer is a general partnership, or
 - (iv) controls or is a general partner of the issuer if the issuer is a limited partnership,

(b) a person or company or professional group that

- (i) holds, has the power to direct the voting of, or has direct or indirect beneficial ownership of,
 - (A) voting securities entitling the person or company or professional group to cast more than 10 percent of the votes for the election or removal of directors of the issuer, or
 - (B) equity securities entitling the person or company or professional group to receive more than 10 percent of the dividends or distributions to the holders of the equity securities of the issuer, or more than 10 percent of the amount to be distributed to the holders of equity securities of the issuer on the liquidation or winding up of the issuer, and
- (ii) either
 - (A) together with its related issuers
 - (I) is entitled to nominate at least 20 percent of the directors of the issuer or of a related issuer of the issuer, or
 - (II) has officers, directors or employees who are also directors of the issuer or a related issuer of the issuer, constituting at least 20 percent of the directors of the issuer or of the related issuer, or
 - (B) is a person or company of which the issuer, together with its related issuers,
 - (I) is entitled to nominate at least 20 percent of the directors of the person or company or at least 20 percent of the directors of a related issuer of the person or company, or
 - (II) has officers, directors or employees who are also directors of the person or company or a related issuer of the person or company, constituting at least 20 percent of the directors of the person or company or

of the related issuer of the person or company, or

the person or company or of the related issuer of the person or company, or

(c) a person or company

(i) of which the issuer holds, has the power to direct the voting of, or has direct or indirect beneficial ownership of,

(A) voting securities entitling the issuer to cast more than 10 percent of the votes for the election or removal of directors of the person or company, or

(B) equity securities entitling the issuer to receive more than 10 percent of the dividends or distributions to the holders of the equity securities of the person or company, or more than 10 percent of the amount to be distributed to the holders of equity securities of the person or company on the liquidation or winding up of the person or company, and

(ii) either

(A) that, together with its related issuers

(I) is entitled to nominate at least 20 percent of the directors of the issuer or of a related issuer of the issuer, or

(II) has officers, directors or employees who are also directors of the issuer or a related issuer of the issuer, constituting at least 20 percent of the directors of the issuer or of the related issuer, or

(B) of which the issuer, together with its related issuers

(I) is entitled to nominate at least 20 percent of the directors of the person or company or at least 20 percent of the directors of a related issuer of the person or company, or

(II) has officers, directors or employees who are also directors of the person or company or a related issuer of the person or company, constituting at least 20 percent of the directors of

(d) if a professional group is within paragraph (a) or (b), the registrant of the professional group;

"professional group" means a group comprised of a registrant and all of the following persons or companies:

(a) any employee of the registrant,

(b) any partner, officer or director of the registrant,

(c) any affiliate of the registrant,

(d) any associated party of any person or company described in paragraphs (a) through (c) or of the registrant;

"registrant" means a person or company registered or required to be registered under securities legislation, other than as a director, officer, partner or salesperson;

"related issuer" means a party described in subsection 1.2(2); and

"special warrant" means a security that, by its terms or the terms of an accompanying contractual obligation, entitles or requires the holder to acquire another security without payment of material additional consideration and obliges the issuer of the special warrant or the other security to undertake efforts to file a prospectus to qualify the distribution of the other security.

1.2 Interpretation

(1) For the purposes of calculating a percentage of securities that are owned, held or under the direction of a person or company in the definition of "influential securityholder"

(a) the determination shall be made

(i) first, by including in the calculation only voting securities or equity securities that are outstanding, and

(ii) second, if the person or company is not an influential securityholder by reason of a calculation under subparagraph (i), by including all voting securities or equity securities that would be outstanding if all outstanding securities that are convertible or exchangeable into voting securities or equity securities, and all outstanding rights to acquire securities that are convertible into, exchangeable for, or carry the right to acquire, voting securities or equity securities, are

considered to have been converted, exchanged or exercised, as the case may be, and

(b) securities held by a registrant in its capacity as an underwriter in the course of a distribution are considered not to be securities that the registrant holds, has the power to direct the voting of, or has direct or indirect beneficial ownership of.

(2) A person or company is a "related issuer" of another person or company if

(a) the person or company is an influential securityholder of the other person or company;

(b) the other person or company is an influential securityholder of the person or company, or

(c) each of them is a related issuer of the same third person or company.

(3) Calculations of time required to be made in this Instrument in relation to a "distribution" shall be made in relation to the date on which the underwriting or agency agreement for the distribution is signed.

1.3 Application of Instrument - This Instrument does not apply to a distribution of

(a) securities described in the provisions of securities legislation listed in Appendix A; or

(b) mutual fund securities.

PART 2 RESTRICTIONS ON UNDERWRITING

2.1 Restrictions on Underwriting

(1) No registrant shall act as an underwriter in a distribution of securities in which it is the issuer or selling securityholder, or as a direct underwriter in a distribution of securities of or by a connected issuer or a related issuer of the registrant, unless the distribution is made under a prospectus or another document that, in either case, contains the information specified in Appendix C.

(2) For a distribution of special warrants or a distribution made under a prospectus no registrant shall act

(a) as an underwriter if the registrant is the issuer or selling securityholder in the distribution; or

(b) as a direct underwriter if a related issuer of the registrant is the issuer or selling securityholder in the distribution.

(3) Subsection (2) does not apply to a distribution

(a) in which

(i) at least one registrant acting as direct underwriter acts as principal, so long as an independent underwriter underwrites not less than the lesser of

(A) 20 percent of the dollar value of the distribution, and

(B) the largest portion of the distribution underwritten by a registrant that is not an independent underwriter, or

(ii) each registrant acting as direct underwriter acts as agent and is not obligated to act as principal, so long as an independent underwriter receives a portion of the total agents' fees equal to an amount not less than the lesser of

(A) 20 percent of the total agents' fees for the distribution, and

(B) the largest portion of the agents' fees paid or payable to a registrant that is not an independent underwriter; and

(b) the identity of the independent underwriter and disclosure of the role of the independent underwriter in the structuring and pricing of the distribution and in the due diligence activities performed by the underwriters for the distribution is contained in

(i) a document relating to the special warrants that is delivered to the purchaser of the special warrants before that purchaser enters into a binding agreement of purchase and sale for the special warrants, for a distribution of special warrants, or

(ii) the prospectus, for a distribution made under a prospectus.

2.2 Calculation Rules - The following rules shall be followed in calculating the size of a distribution and the amount of independent underwriter involvement required for purposes of subsection 2.1(3):

(a) For a distribution that is made entirely in Canada, the calculation shall be based on the aggregate dollar value of securities distributed in

Canada or the aggregate agents' fees relating to the distribution in Canada, and the aggregate dollar value of the distribution underwritten, or aggregate dollar value of agents' fees received, by the independent underwriter in Canada.

- (b) For a distribution that is made partly in Canada of securities of an issuer that is not a foreign issuer, the calculation shall be based on the aggregate dollar value of securities distributed in Canada and outside of Canada or the aggregate agents' fees relating to the distribution in Canada and outside of Canada, and the aggregate dollar value of the distribution underwritten, or aggregate dollar value of agents' fees received, by the independent underwriter in Canada and outside of Canada.
- (c) For a distribution that is made partly in Canada by a foreign issuer and that is not exempt from the requirements of subsection 2.1(2) by subsection 2.1(3) or by section 3.2, the calculation shall be based on the dollar value of securities distributed in Canada or the agents' fees relating to the distribution paid or payable in Canada, and the dollar value of the distribution underwritten, or aggregate dollar value of agents' fees received, by the independent underwriter in Canada.

PART 3 NON-DISCRETIONARY EXEMPTIONS

3.1 Exemption from Disclosure Requirement - Subsection 2.1(1) does not apply to a distribution that

- (a) is made under a document other than a prospectus if each of the purchasers of the securities
 - (i) is a related issuer of the registrant,
 - (ii) purchases as principal, and
 - (iii) does not purchase as underwriter; or
- (b) is made under a provision of securities legislation listed in Appendix B.

3.2 Exemption from Independent Underwriter Requirement - Subsection 2.1(2) does not apply to a distribution of securities of a foreign issuer if more than 85 percent of the aggregate dollar value of the distribution is made outside of Canada or if more than 85 percent of the agents' fees relating to the distribution are paid or payable outside of Canada.

PART 4 VALUATION REQUIREMENT

4.1 Valuation Requirement - A purchaser of securities offered in a distribution for which information is required to be given under subsection 2.1(1) shall be given a document that contains a summary of a valuation of the issuer by a member of the Canadian Institute of Chartered Business Valuators, a chartered accountant or by a registered dealer of which the issuer is not a

related issuer, and that specifies a reasonable time and place at which the valuation may be inspected during the distribution, if

- (a) the issuer in the distribution
 - (i) is not a reporting issuer,
 - (ii) is a registered dealer, or an issuer all or substantially all of whose assets are securities of a registered dealer,
 - (iii) is issuing voting securities or equity securities, and
 - (iv) is effecting the distribution other than under a prospectus; and
- (b) there is no independent underwriter that satisfies subsection 2.1(3).

PART 5 EXEMPTION

5.1 Exemption

- (1) The regulator or securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

5.2 Evidence of Exemption - Without limiting the manner in which an exemption under section 5.1 may be evidenced, the issuance by the regulator of a receipt for a prospectus or an amendment to a prospectus is evidence of the granting of the exemption if

- (a) the person or company that sought the exemption has delivered to the regulator, on or before the date that the preliminary prospectus or an amendment to the preliminary prospectus was filed, a letter or memorandum describing the matters relating to the exemption and indicating why consideration should be given to the granting of the exemption; and
- (b) the regulator has not sent written notice to the contrary to the person or company that sought the exemption before, or concurrent with, the issuance of the receipt.

PART 6 EFFECTIVE DATE

6.1 Effective Date - This National Instrument comes into force on January 3, 2002.

NATIONAL INSTRUMENT 33-105

APPENDIX A

EXEMPT SECURITIES

JURISDICTION	SECURITIES LEGISLATION REFERENCE
ALBERTA	Section 66 of the <i>Securities Act</i> (Alberta)
BRITISH COLUMBIA	Section 46 of the <i>Securities Act</i> (British Columbia)
MANITOBA	Subsection 19(2) of the <i>Securities Act</i> (Manitoba)
NEWFOUNDLAND	Subsection 36(2) of the <i>Securities Act</i> (Newfoundland)
NEW BRUNSWICK	Section 4 of the Exemption Regulation - <i>Security Frauds Prevention Act</i> (New Brunswick)
NOVA SCOTIA	Subsection 41(2) of the <i>Securities Act</i> (Nova Scotia)
ONTARIO	Subsection 35(2) of the <i>Securities Act</i> (Ontario)
PRINCE EDWARD ISLAND	Subsection 2(4) of the <i>Securities Act</i> (Prince Edward Island)
QUÉBEC	Section 41 of the <i>Securities Act</i> (Québec)
SASKATCHEWAN	Subsection 39(2) of <i>The Securities Act, 1988</i> (Saskatchewan)

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APPENDIX B

PROVISIONS REFERRED TO IN PARAGRAPH 3.1(b)

JURISDICTION	SECURITIES LEGISLATION REFERENCE
ALBERTA	Subsections 112(1) and 112(3) of the <i>Securities Act</i> (Alberta)
BRITISH COLUMBIA	Section 128(d) of the <i>Securities Rules</i> (British Columbia)
NEWFOUNDLAND	Subsection 73(7)(b) of the <i>Securities Act</i> (Newfoundland)
NOVA SCOTIA	Subsection 77(11)(b) of the <i>Securities Act</i> (Nova Scotia)
ONTARIO	Clause 72(7)(b) of the <i>Securities Act</i> (Ontario)
SASKATCHEWAN	Clauses 81(10) and 81(11) of <i>The Securities Act, 1988</i> (Saskatchewan)

NATIONAL INSTRUMENT 33-105

APPENDIX C

REQUIRED INFORMATION

REQUIRED INFORMATION FOR THE FRONT PAGE OF THE PROSPECTUS OR OTHER DOCUMENT

1. A statement in bold type, naming the relevant registrant or registrants, that the issuer or the selling securityholder is a connected issuer or a related issuer of a registrant or registrants in connection with the distribution.
2. A summary, naming the relevant registrant or registrants, of the basis on which the issuer or selling securityholder is a connected issuer or a related issuer of the registrant or registrants.
3. A cross-reference to the applicable section in the body of the prospectus or other document where further information concerning the relationship between the issuer or selling securityholder and registrant or registrants is provided.

REQUIRED INFORMATION FOR THE BODY OF THE PROSPECTUS OR OTHER DOCUMENT

4. A statement, naming the relevant registrant or registrants, that the issuer or the selling securityholder is a connected issuer or a related issuer of a registrant or registrants for the distribution.
5. The basis on which the issuer or selling securityholder is a connected issuer or a related issuer for each registrant referred to in paragraph 4, including
 - (a) if the issuer or selling securityholder is a related issuer of the registrant, the details of the holding, power to direct voting, or direct or indirect beneficial ownership of, securities that cause the issuer or selling securityholder to be a related issuer;
 - (b) if the issuer or selling securityholder is a connected issuer of the registrant because of indebtedness, the disclosure required by paragraph 6 of this Appendix; and
 - (c) if the issuer or selling securityholder is a connected issuer of the registrant because of a relationship other than indebtedness, the details of that relationship.
6. If the issuer or selling securityholder is a connected issuer of the registrant because of indebtedness,
 - (a) the amount of the indebtedness;
 - (b) the extent to which the issuer or selling securityholder is in compliance with the terms of the agreement governing the indebtedness,

- (c) the extent to which a related issuer has waived a breach of the agreement since its execution;
- (d) the nature of any security for the indebtedness; and
- (e) the extent to which the financial position of the issuer or selling securityholder or the value of the security has changed since the indebtedness was incurred.

7. The involvement of each registrant referred to in paragraph 4 and of each related issuer of the registrant in the decision to distribute the securities being offered and the determination of the terms of the distribution, including disclosure concerning whether the issue was required, suggested or consented to by the registrant or a related issuer of the registrant and, if so, on what basis.

8. The effect of the issue on each registrant referred to in paragraph 4 and each related issuer of that registrant, including

- (a) information about the extent to which the proceeds of the issue will be applied, directly or indirectly, for the benefit of the registrant or a related issuer of the registrant, or
- (b) if the proceeds will not be applied for the benefit of the registrant or a related issuer of the registrant, a statement to that effect.

9. If a portion of the proceeds of the distribution is to be directly or indirectly applied to or towards

- (a) the payment of indebtedness or interest owed by the issuer, an associate or related issuer of the issuer, a person or company of which the issuer is an associate, the selling securityholder, an associate or related issuer of the selling securityholder, a person or company of which the selling securityholder is an associate, to the registrant or a related issuer of the registrant, or

- (b) the redemption, purchase for cancellation or for treasury, or other retirement of shares other than equity securities of the issuer, an associate or related issuer of the issuer, a person or company of which the issuer is an associate, the selling securityholder, an associate or related issuer of the selling securityholder, or of a person or company of which the selling securityholder is an associate, held by the registrant or a related issuer of the registrant

particulars of the indebtedness or shares in respect of which the payment is to be made and of the payment proposed to be made.

10. Any other material facts with respect to the relationship or connection between each registrant referred to in paragraph 4, a related issuer of each registrant and the issuer that are not required to be described by the foregoing.

**REGISTRANT AS ISSUER OR SELLING
SECURITYHOLDER**

11. If the registrant is the issuer or selling securityholder in the distribution, then the information required by this Appendix shall be provided to the extent applicable.

**COMPANION POLICY 33-105CP
TO NATIONAL INSTRUMENT 33-105
UNDERWRITING CONFLICTS**

- PART 1 INTRODUCTION
 - 1.1 Purpose
 - 1.2 General Policy Rationale for the Instrument

- PART 2 GENERAL STRUCTURE OF THE INSTRUMENT
 - 2.1 Relationships of Concern
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 - 6.1 Appendices

**COMPANION POLICY 33-105CP
TO NATIONAL INSTRUMENT 33-105
UNDERWRITING CONFLICTS**

PART 1 INTRODUCTION

1.1 Purpose - The purpose of this Policy is to state the views of the Canadian Securities Administrators (the "CSA") on various matters relating to National Instrument 33-105 Underwriting Conflicts (the "Instrument"), and to provide market participants with guidance in understanding the operation of the Instrument and the policy concerns that lie behind some of the provisions of the Instrument. This Policy includes, as Appendix A, a series of flow charts designed to illustrate the analysis required to be made in determining whether a party falls under certain of the defined terms of the Instrument and whether the requirements of the Instrument apply to a given distribution. The flow charts are for illustrative purposes only and, in all cases, reference should be made to the precise language of the Instrument.

1.2 General Policy Rationale for the Instrument

- (1) Two of the basic objectives of securities legislation are to ensure that investors purchasing securities in the course of a distribution purchase those securities at a price determined through a process unaffected by conflicts of interest, and receive full, true and plain disclosure of all material facts regarding the issuer and the securities offered. The Instrument is based upon the premise that those objectives are best achieved if the issuer and the underwriters deal with each other as independent parties, free of any relationship that might negatively affect the performance of their respective roles.
- (2) The Instrument seeks to protect the integrity of the underwriting process in circumstances in which there is a direct or indirect relationship between the issuer or selling securityholder and the underwriter that might give rise to a perception that they are not independent of each other in connection with a distribution. The Instrument imposes two basic requirements in those circumstances. First, full disclosure of the relationships giving rise to the potential conflict of interest is required to be given to investors, and second, an independent underwriter is required in certain circumstances to participate in the transaction.

PART 2 GENERAL STRUCTURE OF THE INSTRUMENT

2.1 Relationships of Concern

- (1) The Instrument identifies three types of relationships between a registrant acting as underwriter on a distribution and the issuer or selling securityholder of securities in the

distribution that give rise to concerns over conflicts of interest; each of these relationships may be subject to the requirements of the Instrument.

- (a) The registrant as issuer or selling securityholder. This relationship represents the relationship with the highest degree of conflict of the three recognized by the Instrument.
 - (b) An issuer or selling securityholder that is a "related issuer" of the registrant. This relationship is created primarily as the result of cross-ownership between an issuer or selling securityholder and the registrant. Subsection 1.2(2) of the Instrument provides that an entity is a related issuer to another entity if one of them is an "influential securityholder" of the other, or each of them is a related issuer of the same third party.
 - (c) An issuer or selling securityholder that is not a related issuer of the registrant, but that has some other relationship with the registrant that would cause a reasonable prospective purchaser of the securities being offered to question if the registrant and the issuer or selling securityholder are independent of each other for the distribution. This type of issuer is a "connected issuer" of the relevant registrant.
- (2) The Instrument recognizes the relative degrees of relationships and the resulting potential for conflict by imposing additional requirements for distributions by registrants and their related issuers than for distributions by connected issuers.
 - (3) The term "independent underwriter" is defined in the Instrument to mean a registrant acting as direct underwriter in a distribution if the registrant does not have one of the relationships with the issuer or selling securityholder described in this section. The term "non-independent underwriter" is used in this Policy to describe a registrant acting as direct underwriter that does have one of those relationships.

2.2 General Requirements of the Instrument - The general requirements of the Instrument, contained in section 2.1, provide, in effect, that a registrant that would be a non-independent underwriter on a distribution may not act as a direct underwriter in the distribution, unless certain requirements are satisfied or an exemption is available. The requirements are the disclosure obligation, required by subsection 2.1(1) of the Instrument and discussed in section 2.3 of this Policy, and, in the case of related issuer distributions, the independent underwriter obligation, required by the combination of subsections 2.1(2) and (3) of the Instrument and discussed in section 2.4 of this Policy.

An exemption from the independent underwriter obligation is contained in section 3.2 of the Instrument and discussed in Part 3 of this Policy.

2.3 Disclosure Obligation

- (1) The disclosure obligation applicable to a distribution in which a non-independent underwriter participates, contained in subsection 2.1(1) of the Instrument, requires that the distribution be made under a prospectus or other document that contains the information described in Appendix C of the Instrument. This requirement is applicable both to transactions made under a prospectus and to those done by way of a private placement without a prospectus. Appendix C is designed to require full disclosure of the relationship between the underwriter and issuer or selling securityholder.
- (2) Market participants are reminded that section 10.1 of National Instrument 71-101 The Multijurisdictional Disclosure System exempts distributions under that National Instrument from the disclosure requirements of the Instrument.

2.4 Requirement for Independent Underwriter Involvement

- (1) Subsection 2.1(2) of the Instrument provides that, in the case of a distribution of special warrants or a distribution made under a prospectus, a registrant may not act
 - (a) as an underwriter if the registrant is the issuer or selling securityholder in the distribution; or
 - (b) as a direct underwriter if a related issuer of the registrant is the issuer or selling securityholder in the distribution.
- (2) Subsection 2.1(3) of the Instrument provides that subsection 2.1(2) of the Instrument does not apply to a distribution otherwise caught by that subsection if there is an independent underwriter and if certain disclosure is made in a disclosure document or prospectus. The requirement for independent underwriter involvement is satisfied if at least one independent underwriter participates in the offering to the extent specified in subsection 2.1(3). Subsection 2.1(3) provides alternate threshold criteria for such involvement, depending upon whether the distribution is a "firm commitment" underwriting or a "best efforts agency" offering.

In the case of a firm commitment underwriting, an independent underwriter is required to underwrite not less than the lesser of

- (a) 20 percent of the dollar value of the distribution, and

- (b) the largest portion of the distribution underwritten by a registrant that is not an independent underwriter.

In the case of a best efforts agency offering, an independent underwriter must receive a portion of the total agents' fees equal to an amount not less than the lesser of

- (a) 20 percent of the total agents' fees for the distribution, and
 - (b) the largest portion of the agents' fees paid or payable to a registrant that is not an independent underwriter.
- (3) Subsection 2.1(3) of the Instrument requires the relevant disclosure document to disclose what role the independent underwriter played in the structuring, pricing and due diligence activities of the distribution. The Instrument does not specify what functions the independent underwriter must fulfil, because it is recognized that the appropriate role will vary according to the nature of the distribution and the issuer or selling securityholder, and because it is expected that the requirement to disclose the role actually played will impose a measure of market discipline on the process. Subsection 2.1(3) of the Instrument also requires the name of the independent underwriter to be disclosed.
 - (4) Section 2.2 of the Instrument sets out the rules for calculating the size of a distribution and the requirements for independent underwriter involvement. These rules deal with issues that may arise when distributions occur in more than one jurisdiction, or only partly in Canada.
 - (5) Market participants are directed to National Instrument 44-102 Shelf Distributions for applicable provisions on how the requirements of the Instrument are satisfied for shelf distributions.

PART 3 EXEMPTION FROM INDEPENDENT UNDERWRITER REQUIREMENT

- 3.1 **Exemption from Independent Underwriter Requirement** - Section 3.2 of the Instrument provides an exemption from the independent underwriter requirement for distributions of securities of a foreign issuer if more than 85 percent of the dollar value of the distribution is effected outside of Canada or if more than 85 percent of the agents' fees relating to the distribution are paid or payable outside of Canada. This exemption is expected to be primarily used in the context of international offerings of major issuers.

PART 4 COMMENTARY ON RELATIONSHIPS DESCRIBED IN THE INSTRUMENT

4.1 Related Issuers

- (1) Common ownership is the traditional measure of a non-arm's length relationship in which a conflict of interest is seen to arise. The definition of "related issuer", together with the definitions of "influential securityholder" and "professional group", contain the test used in the Instrument for these non-arm's length relationships.
- (2) The Instrument provides that two persons or companies are related issuers of each other if one of them is an influential securityholder of the other, or if each of them are related issuers to a third person or company.
- (3) The term "influential securityholder" is defined to include relationships between an issuer and another person or company or, in some cases, a professional group, that involve specified thresholds of share ownership or rights to elect directors, as summarized in subsection (4).
- (4) Briefly stated, a person or company or professional group ("A") is an influential securityholder of an issuer ("I") under the definition of "influential securityholder" in the following circumstances.
 - (a) A owns or controls 20 percent of the voting or equity securities of I (paragraph (a) of the definition), or controls or is a general partner of the issuer, if the issuer is either a general partnership or a limited partnership.
 - (b) A owns or controls 10 percent of the voting or equity securities of I and either
 - (i) A is entitled to nominate 20 percent of the directors of I or has officers, directors or shareholders that constitute 20 percent of the directors of I; or
 - (ii) I is entitled to nominate 20 percent of the directors of A or has officers, directors or shareholders that constitute 20 percent of the directors of A (paragraph (b) of the definition).
 - (c) I owns or controls 10 percent of the voting or equity securities of A (other than a professional group) and either
 - (i) A is entitled to nominate 20 percent of the directors of I or has officers, directors or shareholders that constitute 20 percent of the directors of I; or

- (ii) I is entitled to nominate 20 percent of the directors of A or has officers, directors or shareholders that constitute 20 percent of the directors of A (paragraph (c) of the definition).

Paragraph (c) of the definition contains no reference to professional groups in recognition of the fact that it is not possible to hold a voting or equity interest in such an entity nor does such an entity have a board of directors.

- (d) If a professional group is an influential securityholder of I within paragraphs (a) or (b) of the definition, then the registrant that is part of that professional group will also be an influential securityholder of I (paragraph (d) of the definition).
- (5) It is noted that under subsection 1.2(2) of the Instrument only a person or company can be a related issuer of another person or company; therefore, a professional group cannot be a related issuer of a person or company even if it is an influential securityholder of that person or company. Professional groups have been included in the definition of "influential securityholder" in order to allow paragraph (d) of the definition of "influential securityholder" to operate; this ensures that the registrant that is part of a professional group that is an influential securityholder of a person or company is itself an influential securityholder, and therefore a related issuer, of that person or company.
- (6) The CSA note the following matters relating to the "influential securityholder" tests:
 - (a) The definition of "influential securityholder" requires an aggregation of all securities held, directly or indirectly beneficially owned and ones over which the holder has the right to direct the voting.
 - (b) Paragraphs 1.2(2)(a) and (b) provide that A is a related issuer of B if A is an influential securityholder of B or if B is an influential securityholder of A. Paragraph 1.2(2)(c) of the Instrument ties together all related issuers by providing that two persons or companies that are related issuers of a third person or company are related issuers of each other. The following examples illustrate the operation of paragraph 1.2(2)(c).
 - (i) If A is an influential securityholder of B, meaning that A is a related issuer of B under paragraph 1.2(2)(a), and B is an influential securityholder of C, meaning that C is a related issuer of B under

paragraph 1.2(2)(b), then A is a related issuer of C, since both A and C are related issuers of the same person, B.

- (ii) If D is an influential securityholder of both E and F, meaning that D is a related issuer of both E and F, then E and F are related issuers of each other.
- (c) There is no provision in the Instrument for "diluting" indirect ownership interests in making calculations. Therefore, if A owns 45 percent of the voting shares of B that in turn owns 22 percent of the voting shares of C, all three of A, B, and C are related issuers of each other.
- (d) The operation of paragraph 1.2(1)(a) of the Instrument requires, in effect, the calculation of a person or company's percentage ownership in another person or company to be done twice; first, only the outstanding voting or equity securities held would be counted, and, second, if the 10 percent or 20 percent ownership level is not reached, the calculation should be repeated on a fully diluted basis, assuming all convertible or exchangeable securities of the relevant class issued and outstanding were converted or exchanged.

4.2 Connected Issuers

- (1) One relationship described in section 2.1 of this Policy as being of concern in connection with conflict matters is that of an issuer that is a connected issuer, but not a related issuer, to a registrant in a distribution. This relationship historically has led to some difficulties of interpretation under analogous provisions of securities legislation. The definition of "connected issuer" in the Instrument provides that the test for whether an issuer/selling securityholder and registrant are "connected" is whether the relationship between the issuer or selling securityholder (or their related issuers) and a registrant (or its related issuers) may lead a reasonable prospective purchaser of the securities to question the independence of such parties for purposes of the distribution.
- (2) The test contained in the definition requires that the question of independence, or lack of independence, of a registrant be determined with reference to the activities of concern in a distribution and from the viewpoint of a reasonable prospective purchaser. The key issues in making that assessment are
 - (a) whether the investor would perceive that the relationship would interfere with the ability or inclination of the registrant to do

proper due diligence, or to ensure complete disclosure of all material facts related to the issuer or affect the price placed on the securities being distributed; and

- (b) whether the investor would perceive that the relationship would make the issuer or selling securityholder more subject to influence in the disclosure, due diligence or pricing process from the underwriter or its related issuer.

In either case, would the result be that some party's interests are perceived to be favoured to the detriment of those of investors?

- (3) As in the case of related issuers, a relationship of concern may arise directly between the issuer or selling securityholder and the registrant or indirectly through one or more related issuers of either the issuer or selling securityholder or the registrant or any of them.

4.3 Issues Relating to "Connected Issuer" Relationships

- (1) The definition of "connected issuer" is designed to catch relationships of concern between the issuer/selling securityholder and the registrant that are not related issuer relationships. For example, if a significant shareholder of the registrant is the chairman of the board of directors of the issuer and another related issuer of the registrant owns a large number of preferred shares that are to be repaid out of the proceeds of a distribution, the issuer may be a connected issuer of the registrant for the purposes of the distribution. In each case, the issuer, registrant and their advisers will have to weigh the totality of the relationships between the issuer and the registrant against whether a prospective purchaser might question the independence of the issuer and dealer to determine if there is a connected issuer relationship.
- (2) The mere existence of a debtor/creditor relationship between the issuer and the registrant, or any of their respective related issuers, does not necessarily give rise to a connected issuer relationship. The test is whether in the circumstances the relationships among the parties might, in the view of a reasonable prospective purchaser, affect their independence from one another. Factors that may be relevant in reaching the conclusion in cases in which the relationship is debtor/creditor may include the size of the debt, the materiality of the amount of the debt to both the creditor and debtor, the terms of the debt, whether the lending arrangement is in good standing, and whether the proceeds of the issue are being used for repayment of the debt.

(3) Preference shares are not presently treated by Canadian GAAP as liabilities on the balance sheet of issuers, although they may be held by investors as an alternative to making loans or holding securities more conventionally thought of as debt. If there is cross-ownership of a material number of preference shares, there may be a relationship of concern between the issuer or selling securityholder and the registrant. Factors to be considered include the terms of the preference shares (whether the shares are term preferred shares, redeemable at the option of the holder, or represent relatively permanent capital of the issuer or selling securityholder) and the materiality of the shareholding to the issuer or selling securityholder or to the preference shareholder.

(4) Most relationships of concern are likely to arise through debtor/creditor relationships or cross-ownership. However, in some circumstances there may be other relationships between the issuer or selling securityholder and the underwriter that raise concerns. These other business relationships would have to be material to the issuer, selling securityholder, underwriter or one or more of their related entities and give rise to some special interest in the continued viability of the other entity or the success of the distribution over and above that of other entities with a similar relationship with that company. The following relationships, among others, could be material in this context.

- (a) A relationship in which an issuer was a joint venture partner with a person that owed money to a related party of a registrant could raise conflict issues. In circumstances in which the joint venture party needed funds to be able to satisfy its obligations to the related party of the registrant, and those funds would be provided by the issuer following a distribution, there is the possibility that the registrant might be motivated in an underwriting for the issuer by interests other than those of an independent underwriter.
- (b) A relationship in which an issuer's supplier was a related party of a registrant could also raise conflict issues, particularly if the financial condition of the issuer could put the supply arrangements in jeopardy. The registrant could be motivated to act inappropriately in raising equity for the issuer.
- (c) Franchise relationships could also raise conflict issues. An issuer that is a franchisor might need to raise funds to support its franchisees or to keep the entire franchise arrangement in place. If the registrant was a related party of creditors of the franchisees that were

dependent upon a successful offering to raise such funds, the independence of the registrant might be compromised.

PART 5 CONTROL MEASURES

5.1 **Control Measures** – The CSA encourage registrants to adopt written internal control measures to ensure that, in connection with the distribution of securities of a "related issuer" or a "connected issuer", they deal with the issuer as an independent party, as if acting at arm's length. Although this recommendation is not intended to be prescriptive, registrants should note that they may be asked, in the normal course of inspections, whether such control measures have been adopted and a copy thereof may be requested in the course of such inspections.

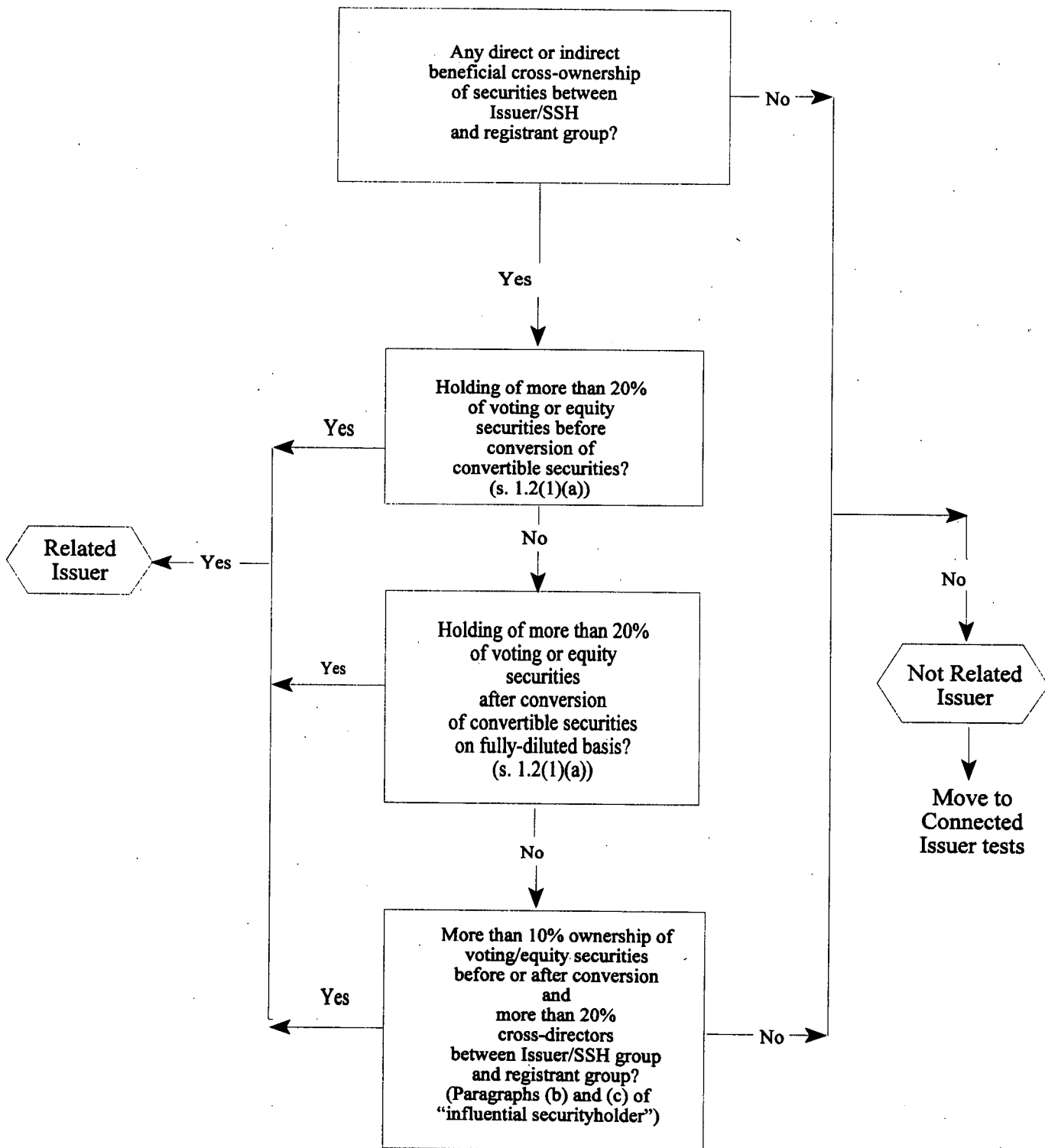
PART 6 APPENDICES

6.1 **Appendices** - To illustrate the analysis required to be made in determining the application of the Instrument to a distribution, Appendices A-1, A-2, A-3 and A-4 have been included in this Policy. Appendices A-1 and A-2 assist in determining whether parties are related issuers. Appendix A-3 assists in determining whether parties are connected issuers to registrants. Appendix A-4 provides a general analysis of whether, or how, the Instrument applies to a given distribution.

COMPANION POLICY 33-105CP TO NATIONAL INSTRUMENT 33-105

APPENDIX A-1 RELATED ISSUER

Relevant provisions: s.1.1: "influential securityholder" & s.1.2(1), (2)

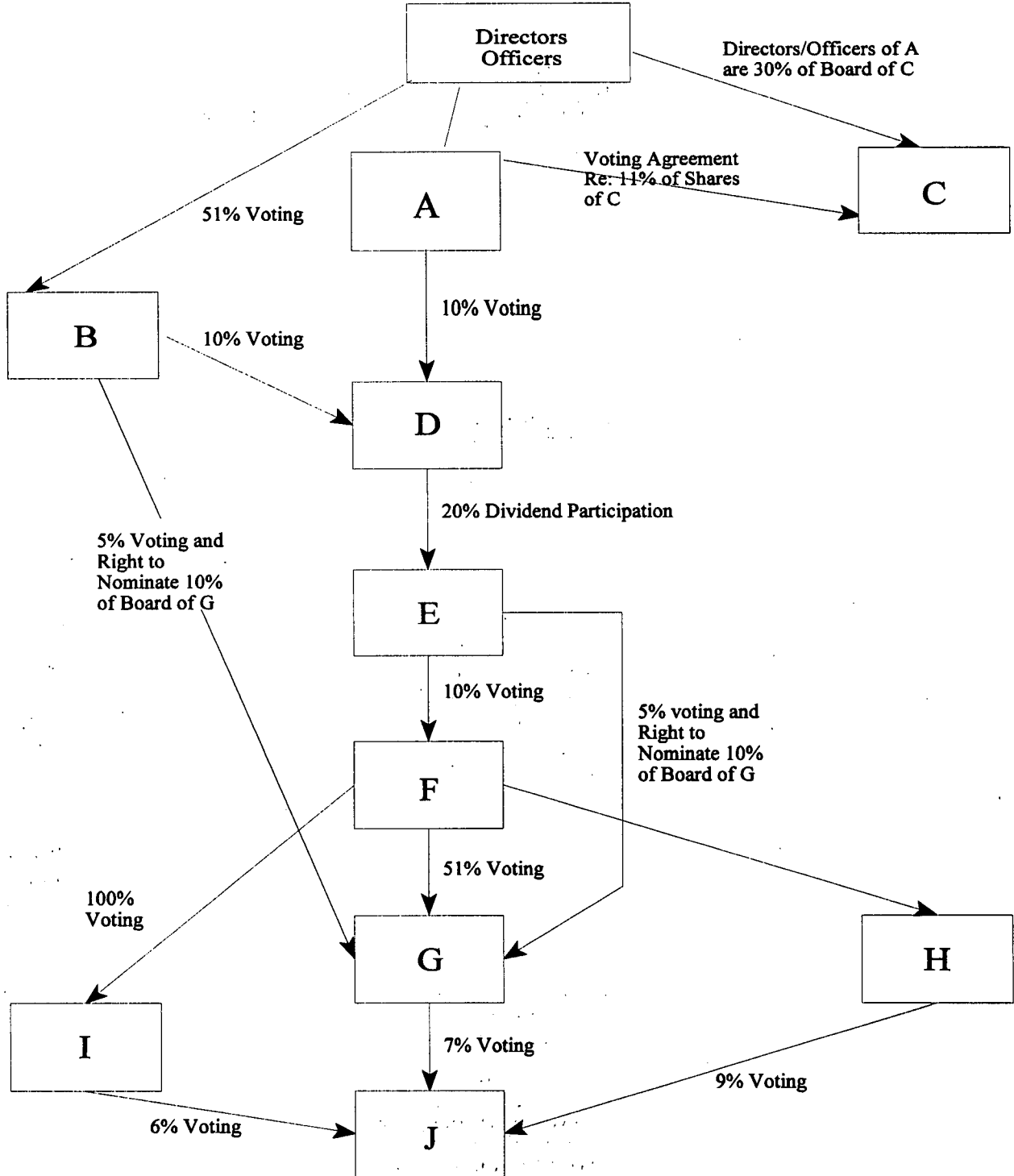


COMPANION POLICY 33-105CP TO NATIONAL INSTRUMENT 33-105

APPENDIX A-2

RELATED ISSUER - INFLUENTIAL SECURITYHOLDER

All of A-J are Related Issuers of Each Other
Relevant provisions: s. 1.1: "influential securityholder" & s.1.2(1), (2)

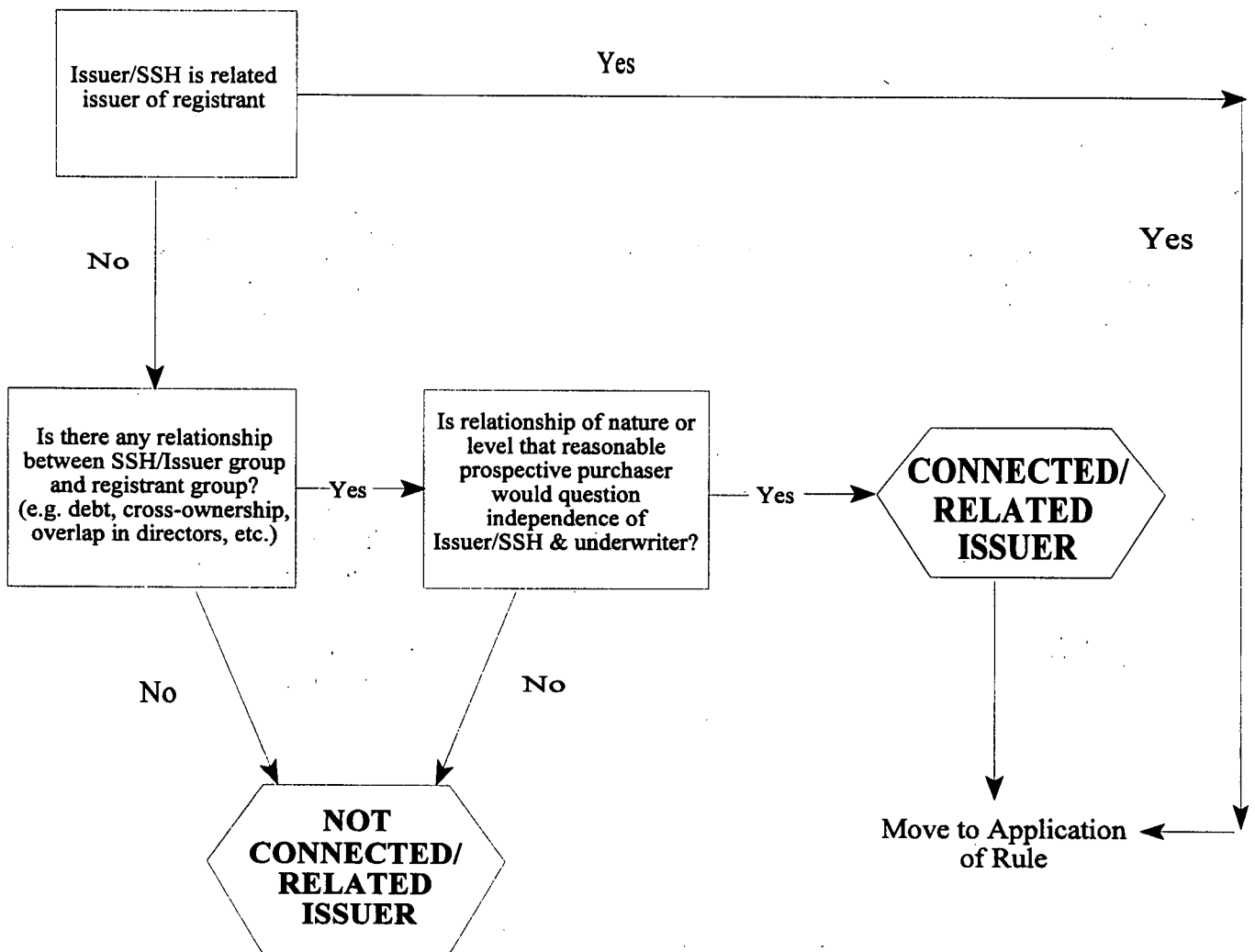


**COMPANION POLICY 33-105CP
TO NATIONAL INSTRUMENT 33-105**

APPENDIX A-3

CONNECTED/RELATED ISSUER

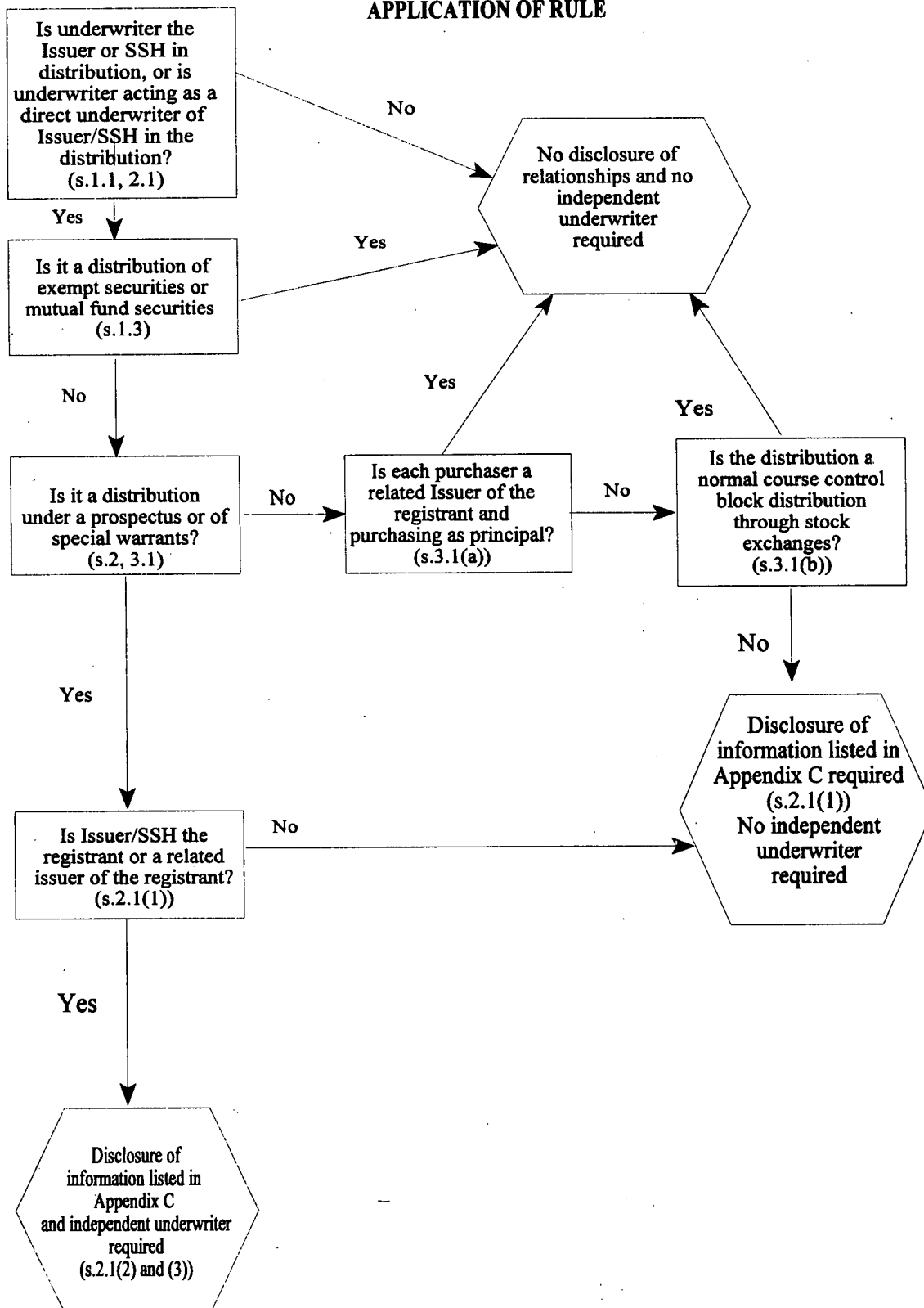
Relevant provisions: s.1.1: "connected issuer"



**COMPANION POLICY 33-105CP
TO NATIONAL INSTRUMENT 33-105**

APPENDIX A-4

APPLICATION OF RULE



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Chapter 6

Request for Comments

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IN THIS ISSUE

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds issuers and other parties relying on exemptions that they are responsible for the completeness, accuracy, and timely filing of Forms 45-501F1 and 45-501F2, and any other relevant form, pursuant to section 72 of the *Securities Act* and OSC Rule 45-501 ("Exempt Distributions").

Reports of Trades Submitted on Form 45-501f1

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
01Oct01	ABC Fully-Managed Fund - Units	150,000	20,618
01Oct01	ABC Fundamental-Value Fund - Units	152,766	13,014
18Sep01	Alliance Financing Group Inc. - Units	150,000	250,000
28Sep01	Alterna Technologies Group Inc. - Units	10,365,001	3,239,063
28Sep01	Capital International Emerging Markets Fund - Class A1 (USD) Shares	50,528,000	1,552,644
28Sep01	Capital International Emerging Markets Fund - Class C1 (USD) Shares	11,853,553	362,132
28Sep01	Capital International Emerging Markets Fund - Class C1 (USD) Shares	33,555,329	1,025,132
21Sep01	CC&L American Equity Fund (formerly CC&L Taxable US Equity Fund) Units	69,397	9,580
03Oct01	CC&L American Equity Fund - Units	404	50
03Oct01	CC&L Balanced Fund - Units	253,506	23,998
01Oct01	CC&L Bond Fund - Units	300	28
03Oct01	CC&L Bond Fund - Units	1,419	136
03Oct01	CC&L Global Growth Fund - Units	1,123	150
01Oct01	CC&L Money Market Fund - Units	397,328	39,732
09Oct01	CC&L Money Market Fund - Units	189,403	18,940
27Sep01	CC&L Money Market Fund - Units	1,394	139
03Oct01	CC&L Private Client Bond Fund - Unit	5	.49
03Oct01	CC&L Private Client Diversified Fund - Units	279,084	31,730
03Oct01	CC&L Private Client Tera Canadian Technology Fund - Units	109	15
01Oct01	CC&L Private Client Bond Fund - Units	200	19
03Oct01	CC&L Private Client Canadian Equity Fund - Units	1,407	156
02Oct01	CC&L Private Client Diversified Fund - Units	156,225	18,133
03Oct01	CC&L Private Client PCJ Canadian Small Capitalization Fund - Units	271	34
21Sep01	CC&L Private Client Tera Technology Fund - Units	19,600	2,876
21Sep01	CC&L Private Client Income Trust Fund - Units	66,583	6,208
03Oct01	CC&L Private Client Bond Fund - Units	326	31
03Oct01	CC&L Private Client Income Trust Fund - Units	364	33
21Sep01	CC&P Private Client PCJ Canadian Small Capitalization Fund - Units	49,703	6,474
01Sep01 to 30Sep01	CGO&V Balanced Fund - Units	238,135	20,895
01Sep01 to 30Sep01	CGO&V Cumberland Fund - Units of Trust	89,243	7,198
01Sep01 to 30Sep01	CGO&V Hazelton Fund - Units of Trust	50,020	4,148
01Oct01	Commonfund Institutional Funds - Units	105,050,588	10,370,245

Notice of Exempt Financings

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
01Oct01	Cygnus X1 Limited Partnership - Limited Partnership Units	160,000	15
03Oct01	Datawire Communication Networks Inc. - Class A Preferred Shares	1,645,875	1,235,294
02Oct01	ecwebworks Inc. - Convertible Notes	600,000	600,000
28Sep01	Emerging Markets Growth Fund, Inc. - Shares of Common Stock	3,993,424	69,864
11Oct01	Excalibur Investment Strategies Inc. - Common Shares, Preference Shares, Series I and A Notes	500,072	1,333,334, 1,666,666 Resp.
02Oct01	KBSH Private - Money Market Fund - Units	211,957	21,195
02Oct01	KBSH Private - Private Fixed Income - Units	492,382	47,883
02Oct01	KBSH Private - Private Fixed Income - Units	492,382	47,883
01Oct01	KBSH Private - Money Market Fund - Units	150,000	15,000
21Mar01	Lifepoints Balanced Income Fund - Units	9,034	88
01Oct01	McElvaine Investment Trust, The - Units	652,726	42,734
12Oct01 & 15Oct 01	Nexus Group International Inc. - Units	596,500	5,470,098
17Oct01	Outlook Resources Inc. - Convertible Debentures	16,000	16,000
01Mar01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	621,658	5,653
13Mar01	Russell Canadian Fixed Income Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units	151,509	1,318
16Apr01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	662,512	6,029
02Mar01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund - Units	4,780	29
23Apr01	Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	236,129	2,054
20Apr01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units	148,094	1,111
12Apr01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Income Fund - Units	35,669	278
19Apr01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund - Units	82,220	574
18Apr01	Russell Canadian Equity Fund, Russell US Equity Fund, Russell Overseas Equity Fund - Units	100,390	604
10Apr01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units	60,635	459
15Mar01	Russell Canadian Equity Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	55,625	507
17Apr01	Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	85,052	759
06Mar01	Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Growth Fund - Units	185,860	1,682
28Feb01	Russell Canadian Equity Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Inc. Fund - Units	109,426	704
05Mar01	Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	98,765	876

Notice of Exempt Financings

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
02Mar01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund - Units	149,828	1,415
16Mar01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Lifepoints Balanced Income Fund, Lifepoints Balanced Income Fund - Units	77,753	619
19Mar01	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	437,118	3,976
27Feb01	Russell Canadian Equity Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units	18,238	161
14Mar01	Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Growth Fund - Units	83,584	818
12Mar01	Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	287,928	2,735
07Mar01	Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units	133,481	1,222
22Mar01	Russell Fixed Income Fund, Russell Overseas Equity Fund - Units	101,509	950
03Apr01	Russell Overseas Equity Fund - Units	13,414	121
11Apr01	Russell Overseas Equity Fund, Lifepoints Balanced Income Fund - Units	1,544	13
20Mar01	Russell US Equity Fund, Lifepoints Balanced Long Term Growth Fund - Units	66,186	561
09Mar01	Russell US Equity Fund, Russell Overseas Equity Fund - Units	4,111	34
08Mar01	Russell US Equity Fund, Lifepoints Balanced Income Fund - Units	122,937	1,066
01Oct01	# Taro Pharmaceutical Industries Ltd. - Ordinary Shares	4,061,720	75,000
17Aug01	TD Capital Canadian Private Equity Partners (ACS) L.P. - Limited Partnership Interests - Revised	36,911,496	36,911,496
16Aug01	Thales Active Asset Allocation Fund - Limited Partnership Units	150,000	140
27Sep01	Ware Solutions Corporation - Stock Options exercise for Common Shares	37,375	57,500

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

<u>Name of Company</u>	<u>Date the Company Ceased to be a Private Company</u>
AssetMetrix Inc.	02Aug01

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

<u>Seller</u>	<u>Security</u>	<u>Amount</u>
Belzberg, Sidney	Belzberg Technologies Inc. - Common Shares	100,000
Belzberg, Alicia	Belzberg Technologies Inc. - Common Shares	100,000
Ghazouli, Sam	Brandselite International Corporation - Common Shares	5,000,000
Buhler, John	Buhler Industries Inc. - Common Shares	134,300
Melnick, Larry	Champion Natural Health.com Inc. - Subordinate Voting Shares and Multiple Voting Shares	19,765, 100,000 Resp.

Notice of Exempt Financings

<u>Seller</u>	<u>Security</u>	<u>Amount</u>
Smith, Ivan W.	Circa Enterprises Inc. - Common Shares	80,000
Estill Glen R.	EMJ Data Systems Ltd. - Common Shares	39,000
Estill, James A.	EMJ Data Systems Ltd. - Common Shares	21,800
Estill Holdings Limited	EMJ Data Systems Ltd. - Common Shares	1,244,700
Hennick, Jay S.	FirstService Corporation - Subordinate Voting Shares	10,000
G. P. Metal Products Limited	Glendale International Corp. - Common Shares	200,000
Xenolith Gold Limited	Kookabura Resources Ltd. - Common Shares	1,893,700
Pedder, John	Vision SCMS Inc. - Common Shares	150,000

Chapter 9
Legislation

THERE IS NO MATERIAL FOR THIS CHAPTER
IN THIS ISSUE

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

ARC Energy Trust
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated October 22nd, 2001
Mutual Reliance Review System Receipt dated October 22nd, 2001

Offering Price and Description:

\$55,000,000 - 5,000,000 Trust Units @ \$11.00 per Trust Unit

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
Raymond James Ltd.

Canaccord Capital Corporation
Dundee Securities Corporation

Promoter(s):

-

Project #395728

Issuer Name:

Brascan Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Shelf Prospectus dated October 24th, 2001
Mutual Reliance Review System Receipt dated October 24th, 2001

Offering Price and Description:

US\$500,000,000 - Debt Securities

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #396211

Issuer Name:

Canada Dominion Resources Limited Partnership VIII
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated October 24th, 2001
Mutual Reliance Review System Receipt dated October 24th, 2001

Offering Price and Description:

\$ * (Maximum Offering) \$8,000,000,000 (Minimum Offering) A maximum of * and a minimum of 320,000 Limited Partnership Units. Subscription Price: \$25.00 per Unit
Minimum Subscription: 100 Units

Underwriter(s) or Distributor(s):

Merrill Lynch Canada Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities Inc.
Raymond James Ltd.
Trilon Securities Corporation

Promoter(s):

-

Project #396188

Issuer Name:

CI Conservative Portfolio
CI Conservative RSP Portfolio
CI Moderate Growth Portfolio
CI Moderate Growth RSP Portfolio
CI Growth Portfolio
CI Growth RSP Portfolio
CI Aggressive Growth Portfolio
CI Aggressive Growth RSP Portfolio
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated October 17th, 2001
Mutual Reliance Review System Receipt dated October 18th 2001

Offering Price and Description:

Class A and F Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #394838

Issuer Name:

CMP 2001 II Resource Limited Partnership
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated October 22nd, 2001
Mutual Reliance Review System Receipt dated October 22nd, 2001

Offering Price and Description:

25,000 Limited Partnership Units @ \$1,000 per unit

Underwriter(s) or Distributor(s):

Dundee Securities Corporation
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Raymond James Ltd.
Wellington West Capital Inc.

Promoter(s):

Dynamic CMP Funds IV Inc.
Project #395678

Issuer Name:

Connor, Clark & Lunn PRINTS Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated October 22nd, 2001
Mutual Reliance Review System Receipt dated October 22nd, 2001

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

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

Promoter(s):

Connor, Clark & Capital Markets Inc.
Project #395634

Issuer Name:

CPL Long Term Care Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated October 22nd, 2001
Mutual Reliance Review System Receipt dated October 22nd, 2001

Offering Price and Description:

\$25,031,2500 - 1,875,000 Units @\$13.35 per Unit

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
Merrill Lynch Canada Inc.
TD Securities Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
Raymond James Ltd.
Trilon Securities Corporation

Promoter(s):

Project #395658

Issuer Name:

Envest Diversified Income Trust
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated October 17th, 2001
Mutual Reliance Review System Receipt dated October 18th, 2001

Offering Price and Description:

\$5,000,000 Minimum to \$50,000,000 Maximum - * Units
EXCHANGE OFFER

Underwriter(s) or Distributor(s):

Research Capital Corporation

Promoter(s):

Project #394913

Issuer Name:

Hi Alta Capital Inc.
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated October 19th, 2001
Mutual Reliance Review System Receipt dated October 23rd, 2001

Offering Price and Description:

\$6,384,998 - 3,040,475 Common Shares (issuable upon the exercise of previously issued Special Warrants)

Underwriter(s) or Distributor(s):

Raymond James Ltd.
Jennings Capital Inc.

Promoter(s):

Project #396004

Issuer Name:

H&R Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated October 18th, 2001
Mutual Reliance Review System Receipt dated October 18th, 2001

Offering Price and Description:

\$124,500,000 - 10,000,000 Units @ \$12.45 per Unit

Underwriter(s) or Distributor(s):

Merrill Lynch Canada Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.

Promoter(s):

-

Project #394970

Issuer Name:

Killam Properties Inc.
Principal Regulator - Nova Scotia

Type and Date:

Preliminary Prospectus dated October 19th, 2001
Mutual Reliance Review System Receipt dated October 22nd, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Yorkton Securities Inc.

Promoter(s):

Philip D. Fraser
James C. Lawley
Robert G. Richardson
Arthur G. Lloyd
Timothy R. Banks
G. Wayne Watson

Project #395510

Issuer Name:

Labopharm Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated October 22nd, 2001
Mutual Reliance Review System Receipt dated October 22nd, 2001

Offering Price and Description:

\$27,000,000 - 4,000,000 Common Shares @\$6.75 per Common Share

Underwriter(s) or Distributor(s):

Research Capital Corporation
CIBC World Markets Inc.
National Bank Financial Inc.
TD Securities Inc.

Promoter(s):

-

Project #395662

Issuer Name:

Laurentian Bank of Canada
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated October 18th, 2001
Mutual Reliance Review System Receipt dated October 18th, 2001

Offering Price and Description:

\$100,000,000 - (4,000,000 Shares)

Non-Cumulative Class A Preferred Shares Series 9 @ \$25.00 per Preferred Shares Series 9 to yield 6.00%

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
Laurentian Bank Securities Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
Scotia Capital Inc.

CIBC World Markets Inc.

TD Securities Inc.

Desjardins Securities Inc.

Dundee Securities Corporation

HSBC Securities (Canada) Inc.

Promoter(s):

-

Project #395049

Issuer Name:

Telesat Canada
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated October 23rd, 2001
Mutual Reliance Review System Receipt dated October 23rd, 2001

Offering Price and Description:

\$ * - * % Series 2001 Notes Due *, 2008
(unsecured)

Underwriter(s) or Distributor(s):

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

Promoter(s):

-

Project #395878

Issuer Name:

UTS Energy Corporation
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated October 17th, 2001
Mutual Reliance Review System Receipt dated October 18th, 2001

Offering Price and Description:

\$16,000,000 - 12,307,692 Common Shares @\$1.30 per Common Share

Underwriter(s) or Distributor(s):

TD Securities Inc.
National Bank Financial Inc.

Promoter(s):

-

Project #394921

Issuer Name:

AIM Short-Term Income Class
Trimark Interest Fund
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated October 19th, 2001 to Final Simplified Prospectus and Annual Information Form dated August 10th 2001

Mutual Reliance Review System Receipt dated 24th day of October, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Promoter(s):

-

Project #372473

Issuer Name:

Altamira Canadian Value Fund
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated October 19th, 2001 to Amended and Restated Simplified Prospectus and Annual Information Form dated September 13th, 2001

Mutual Reliance Review System Receipt dated 24th day of October, 2001

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

Altamira Financial Services Ltd.

Promoter(s):

-

Project #376588

Issuer Name:

Clarica Premier Blue Chip Fund
Clarica Premier Diversified Fund
Clarica Premier Growth Fund
Clarica Diversifund 40
Clarica Equifund
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated October 19, 2001 to Simplified Prospectus and Annual Information Form dated August 29th, 2001

Mutual Reliance Review System Receipt dated 24th day of October, 2001

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

Promoter(s):

-

Project #376683

Issuer Name:

IRIS Canadian Equity Index Plus Fund
IRIS Nasdaq 100 RSP Index Fund
IRIS Global Equity Fund
IRIS U.S. Equity Fund
IRIS Small Cap Canadian Equity Fund
IRIS Canadian Equity Fund
Iris Tactical Option Balanced Fund
IRIS Strategic Growth Option Balanced Fund
IRIS Strategic Income Option Balanced Fund
IRIS Balanced Fund
IRIS Dividend Fund
IRIS North American High Yield Bond Fund
IRIS Bond Fund
IRIS Mortgage Fund
IRIS Money Market Fund
Principal Regulator - Quebec

Type and Date:

Amendment #1 dated October 15th, 2001 to Simplified Prospectus and Annual Information Form dated October 4th, 2001

Mutual Reliance Review System Receipt dated 19th day of October, 2001

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

Promoter(s):

-

Project #383564

Issuer Name:

R Money Market Fund
R Canadian Leaders Fund
R Life & Health Fund
R World Leaders Fund
R American Fund
R European Funds
R Asian Fund
R Techno-Media Fund
R Europe Techno-Media Fund
R Small & Mid-Cap European Fund
R Life & Health RSP Fund
R World Leaders RSP Fund
R American RSP Fund
R European RSP Fund
R Asian RSP Fund
R Techno-Media RSP Fund
R Europe Techno-Media RSP Fund
R Small & Mid-Cap European RSP Fund
Principal Regulator - Quebec

Type and Date:

Amendment #1 dated October 15th, 2001 to Simplified Prospectus and Annual Information Form dated December 21st, 2000

Mutual Reliance Review System Receipt dated 19th day of October, 2001

Offering Price and Description:

-
Underwriter(s) or Distributor(s):

Promoter(s):

Project #312088

Issuer Name:

Betacom Corporation Inc. (was Control Advancements Inc.)
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated October 17th, 2001
Mutual Reliance Review System Receipt dated 19th day of October, 2001

Offering Price and Description:

-
Underwriter(s) or Distributor(s):

Paradigm Capital Inc.
ISL - Lafferty Securities Inc.

Promoter(s):

-
Project #390535

Issuer Name:

Energy North Inc.
Principal Regulator - Alberta

Type and Date:

Final Prospectus dated October 23rd, 2001
Mutual Reliance Review System Receipt dated 23rd day of October, 2001

Offering Price and Description:

-
Underwriter(s) or Distributor(s):

Promoter(s):

Project #392013

Issuer Name:

Mulvihill Pro-AMS 100 Plus (Cdn\$) Trust
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated October 18th, 2001
Mutual Reliance Review System Receipt dated 19th day of October, 2001

Offering Price and Description:

-
Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

Promoter(s):

Mulvihill Capital Management Inc.
Project #379279

Issuer Name:

Mulvihill Pro-AMS 100 Plus (US\$) Trust
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated October 18th, 2001
Mutual Reliance Review System Receipt dated 19th day of October, 2001

Offering Price and Description:

-
Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

Promoter(s):

Mulvihill Capital Management Inc.
Project #379281

Issuer Name:

YEARS U.S. Trust
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated October 22nd, 2001
Mutual Reliance Review System Receipt dated 24th day of October, 2001

Offering Price and Description:

-
Underwriter(s) or Distributor(s):

Promoter(s):

Project #377779

Issuer Name:

Canadian Pacific Railway Company
Principal Regulator - Alberta

Type and Date:

Final Short Shelf Prospectus dated October 19th, 2001
Mutual Reliance Review System Receipt dated 22nd, of
October, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Promoter(s):

Project #394550

Issuer Name:

Glamis Gold Ltd.
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated October 22nd, 2001
Mutual Reliance Review System Receipt dated 22nd day of
October, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Research Capital Corporation
BMO Nesbitt Burns Inc.
National Bank Financial Inc.

Promoter(s):

Project #393314

Issuer Name:

SCORE Trust
Principal Regulator - Ontario

Type and Date:

Final Short Form Shelf Prospectus dated October 18th, 2001
Mutual Reliance Review System Receipt dated 19th day of
October, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Promoter(s):

Sears Canada Inc.

Project #391824

Issuer Name:

The Toronto-Dominion Bank
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated October 19th, 2001
Mutual Reliance Review System Receipt dated 19th day of
October, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

TD Securities Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
UBS Bunting Warburg Inc.
Trilon Securities Corporation

Promoter(s):

Project #393943

Issuer Name:

Acuity Clean Environment Science and Technology Fund
(Formerly Clean Environment Equity Fund)
Acuity All Cap 30 Canadian Equity Fund
Acuity Social Values Canadian Equity Fund
Acuity Social Values Global Equity Fund
Acuity G7 RSP Equity Fund
Acuity Global Equity Fund
Acuity Canadian Balanced Fund
Acuity Canadian Equity Fund
Acuity Money Market Fund
Acuity Fixed Income Fund (Formerly Acuity Bond Fund)
Acuity Clean Environment Global Equity Fund (Formerly Clean
Environment Global Equity Fund)
Acuity Clean Environment Balanced Fund (Formerly Clean
Environment Balanced Fund)
Acuity Clean Environment Equity Fund (Formerly Clean
Environment Equity Fund)
Acuity High Income Fund
(Class A, F and I Units)
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated October 18th, 2001
Mutual Reliance Review System Receipt dated 19th day of
October, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Promoter(s):

Project #388101

Issuer Name:

Chou Associates Fund
Chou RRSP Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form dated October 15th, 2001
Mutual Reliance Review System Receipt dated 19th day of October, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Chou Associates Management Funds

Promoter(s):

Project #388787

Issuer Name:

Investors Income Portfolio
Investors Growth Portfolio
Investors Income Plus Portfolio
Investors Growth Plus Portfolio
Investors Retirement Growth Portfolio
Investors Retirement High Growth Portfolio
Investors Retirement Plus Portfolio
Investors World Growth Portfolio
1World Conservative Portfolio
1World Moderate Conservative Portfolio
1World Moderate Portfolio
1World Moderate Aggressive Portfolio
1World Moderate Aggressive Registered Portfolio
1World Aggressive Portfolio
1World Aggressive Registered Portfolio
Investors Canadian Money Market Fund
Investors Canadian High Yield Money Market Fund
Investors U.S. Money Market Fund
Investors Mortgage Fund
Investors Government Bond Fund
Investors Corporate Bond Fund
Investors Canadian High Yield Income Fund
Investors Global Bond Fund
Investors Dividend Fund
Investors Mutual of Canada
Investors Canadian Balanced Fund
Investors Asset Allocation Fund
Investors Canadian Large Cap Value Fund
Investors Canadian Equity Fund
Investors Canadian Enterprise Fund
Investors Quebec Enterprise Fund
Investors Summa Fund
Investors Canadian Small Cap Fund
Investors Canadian Small Cap Growth Fund
Investors Canadian Natural Resource Fund
Investors U.S. Large Cap Growth Fund
Investors North American Growth Fund
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Investors U.S. Large Cap Value RSP Fund
Investors U.S. Opportunities Fund
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Investors Global e.Commerce Fund
Investors Global Financial Services Fund

Investors Global Fund
Investors Global RSP Fund
Investors European Growth Fund
Investors European Growth RSP Fund
Investors European Mid-Cap Growth Fund
Investors Japanese Growth Fund
Investors Japanese Growth RSP Fund
Investors Pacific International Fund
Investors Pan Asian Growth Fund
Investors Latin American Growth Fund
IG AGF Canadian Growth Fund
IG AGF U.S. Growth Fund
IG AGF U.S. Growth RSP Fund
IG AGF Asian Growth Fund
IG AGF Canadian Diversified Growth Fund
IG AGF Canadian Balanced Fund
IG AGF Canadian Growth Fund II
IG AGF U.S. Growth Fund II
IG AGF International Bond Fund
IG AGF International Equity Fund
IG Beutel Goodman Canadian Balanced Fund
IG Beutel Goodman Canadian Equity Fund
IG Beutel Goodman Canadian Small Cap Fund
IG FI Canadian Allocation Fund
IG FI Canadian Equity Fund
IG FI U.S. Equity Fund
IG FI Global Equity Fund
IG MAXXUM Dividend Fund
IG MAXXUM Income Fund
IG Sceptre Canadian Balanced Fund
IG Sceptre Canadian Equity Fund
IG Sceptre Canadian Bond Fund
IG Scudder U.S. Allocation Fund
IG Scudder Emerging Markets Growth Fund
IG Scudder Canadian All Cap Fund
IG Scudder European Growth Fund
IG Templeton World Bond Fund
IG Templeton International Equity Fund
IG Templeton World Allocation Fund
Janus American Equity Fund: IG Class Units
Janus Global Equity Fund: IG Class Units
Investors Mergers & Acquisitions Fund

Principal Regulator - Manitoba

Type and Date:

Final Simplified Prospectus and Annual Information Form dated October 9th, 2001
Mutual Reliance Review System Receipt dated 18th day of October, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Promoter(s):

Project #378758

Issuer Name:

IRIS Canadian Equity Index Plus Fund
IRIS Nasdaq 100 RSP Index Fund
IRIS Global Equity Fund
IRIS U.S. Equity Fund
IRIS Small Cap Canadian Equity Fund
IRIS Canadian Equity Fund
Iris Tactical Option Balanced Fund
IRIS Strategic Growth Option Balanced Fund
IRIS Strategic Income Option Balanced Fund
IRIS Balanced Fund
IRIS Dividend Fund
IRIS North American High Yield Bond Fund
IRIS Bond Fund
IRIS Mortgage Fund
IRIS Money Market Fund
Principal Regulator - Quebec

Type and Date:

Final Simplified Prospectus and Annual Information Form dated October 4th, 2001
Mutual Reliance Review System Receipt dated 12th day of October, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Promoter(s):

-

Project #383564

Issuer Name:

Perigee T-Plus Fund
Perigee Index Plus Bond Fund
Perigee Active Bond Fund
Perigee Global Bond Fund
Perigee Accufund
Perigee Symmetry Balanced Fund
Perigee Diversifund
Perigee Canadian Select 35 Equity Fund
Perigee Canadian Sector Equity Fund
Perigee North American Equity Fund
Batterymarch U.S. Equity Fund
Legg Mason U.S. Value Fund
Perigee International Equity Fund
(Class A and B Units)
Perigee Axis Cash Fund
Perigee Income Fund
Perigee Canadian Aggressive Growth Equity Fund
(Class A Units)
Perigee Private Client Bond Portfolio
Perigee Private Client Balanced Portfolio
Perigee Private Client Canadian Equity Portfolio
Perigee Private Client U.S. Equity Portfolio
Perigee Private Client International Portfolio
(Units)
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form dated October 18th, 2001
Mutual Reliance Review System Receipt dated 19th day of October, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Promoter(s):

-

Project #387975

Issuer Name:

Maestral Health & Biotechnology Fund
Maestral Technology & Telecommunications Fund
Maestral Global Equity RSP Fund
Maestral Global Equity Fund
Maestral American Equity Fund
Maestral Growth Equity Fund
Maestral Canadian Equity Fund
Maestral Asset Allocation Fund
Maestral Canadian Bond Fund
Maestral Money Market Fund
Principal Regulator - Quebec

Type and Date:

Final Simplified Prospectus and Annual Information Form dated October 17th, 2001
Mutual Reliance Review System Receipt dated 23rd day of October, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Desjardins Trust Investment Services Inc.

Promoter(s):

-

Project #384804

IPO's, New Issues and Secondary Financings

Issuer Name:

National Bank/Fidelity True North Fund
National Bank/Fidelity Focus Financial Services Fund
National Bank/Fidelity Growth America Fund
National Bank/Fidelity International Portfolio Fund
National Bank/Fidelity Global Asset Allocation Fund
National Bank/Fidelity Canadian Asset Allocation Fund
Principal Regulator - Quebec

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated October 15th, 2001

Mutual Reliance Review System Receipt dated 17th day of
October, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Promoter(s):

-

Project #383586

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Chapter 12

Registrations

12.1.1 Securities

Type	Company	Category of Registration	Effective Date
New Registration	Dougherty & Company LLC Attention: Mark Convery Suite 1100, Box 11 Merrill Lynch Tower 200 King Street West Toronto ON M5H 3T4	International Dealer	Oct 16/01
New Registration	Segall Bryant & Hamill c/o Meighen Demers Attention: Mark Convery Suite 1100, Box 11 Merrill Lynch Tower 200 King Street West Toronto ON M5H 3T4	International Adviser Investment Counsel & Portfolio Manager	Oct 15/01
New Registration	Mizrahi & Mizrahi Ltd. Attention: Sam Mizrahi 55 St. Clair Ave. West Suite 217 Toronto ON M4V 2Y7	Limited Market Dealer (Conditional)	Oct 17/01
New Registration	Goldis Financial Group, Inc. Attention: Gary Litwack c/o Fogler Rubinoff, LLP Suite 4400 Royal Trust Tower TD Centre Toronto ON M5K 1G8	International Dealer	Oct 17/01
New Registration	Batterymarch Financial Management, Inc. c/o Cartan Limited Attention: Michael Nicholas Suite 4700 Toronto Dominion Bank Tower TD Centre Toronto ON M5K 1E6	International Adviser Investment Counsel & Portfolio Manager	Oct 17/01
New Registration	Transamerica Capital Management Inc. c/o Blakes, Cassels & Graydon LLP Attention: Rose Haggarty Box 25 Commerce Court West 199 Bay St. Toronto ON M5L 1A9	Limited Market Dealer (Conditional) Investment Counsel & Portfolio Manager	Oct 18/01
New Registration	Accumulus Investment Management Ltd. Attention: David Francesco Passalent 999 Upper Wentworth Street Suite 275B Hamilton ON L9A 4X5	Investment Counsel & Portfolio Manager	Oct 23/01

Registrations

Type	Company	Category of Registration	Effective Date
Amalgamation	IPC Securities Corporation AND Avalon Securities Corp. TO FORM: IPC Securities Corporation Attention: Andrew Brent Townshend 2680 Skymark Ave., 7 th Floor Mississauga ON L4W 5L6	Securities Dealer	Mar 31/01
Amalgamation	IPC Investment Corporation AND Avalon Financial Services Corp. TO FORM: IPC Investment Corporation Attention: Christopher Shane Reynolds 2680 Skymark Ave., 7 th Floor Mississauga ON L4W 5L6	Mutual Fund Dealer Limited Market Dealer (Conditional)	Mar 31/01

Chapter 13

SRO Notices and Disciplinary Proceedings

THERE IS NO MATERIAL FOR THIS CHAPTER
IN THIS ISSUE

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Chapter 25

Other Information

25.1 Approvals

25.1.1 Abria Financial Products Ltd.

Headnote

Subsection 213(3)(b) of the Loan and Trust Corporations Act- application for approval to act as trustee.

Statute Cited

Loan and Trust Corporations Act, R.S.O. 1990, c.L.25, as am. ss. 213(3)(b).

Rule Cited

Ontario Securities Commission Approval 81-901 Approval of Trustees of Mutual Fund Trusts (1997) 20 OSCB 200.

October 16, 2001

McMillan Binch
Suite 3800, South Tower
Royal Bank Plaza
Toronto, Ontario
M5J 2J7

Attention: Jennifer A.C.Parkin

Re: Application by Abria Financial Products Ltd. ("Abria FP" or the "Applicant") for approval for Abria FP to act as trustee of Abria Diversified Arbitrage Trust and also certain other mutual fund trusts to be established by the Applicant from time to time and offered pursuant to a prospectus exemption (collectively, the " Funds")

Application #972/01

Further to an application dated September 14, 2001 and subsequent correspondence dated October 4, 2001 (together, the "Application") filed on behalf of the Applicant and based on the facts set out in the Application, pursuant to the authority conferred on the Ontario Securities Commission (the "Commission") in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of those Funds for which the Applicant also acts as manager (within the meaning of National Instrument 81-102).

Yours truly,

"R. Stephen Paddon"

"Lorne Morphy"

25.1.2 Mavrix Fund Management Inc.

October 16, 2001

Brans, Lahun, Baldwin, LLP
Suite 2401, Richmond Adelaide Center
120 Adelaide Street West
Toronto, ON
M5H 1T1

Attention: Thomas C.H. Baldwin

Re: Application by Mavrix Fund Management Inc. ("Mavrix" or the "Applicant") for approval for Mavrix to act as trustee of Mavrix Emerging Companies Fund offered pursuant to prospectus exemptions (the "Fund")

Application #1005/01

Further to an application dated September 26, 2001 (the "Application") filed on behalf of the Applicant and based on the facts set out in the Application, pursuant to the authority conferred on the Ontario Securities Commission (the "Commission") in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of the Fund for which the Applicant also acts as manager (as the term "manager" is defined within the meaning of National Instrument 81-102).

Yours truly,

"R. Stephen Paddon"

"Lorne Morphy"

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