

The Ontario Securities Commission

# OSC Bulletin

November 2, 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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## Chapter 1

# Notices / News Releases

### 1.1 Notices

### SCHEDULED OSC HEARINGS

#### 1.1.1 Current Proceedings Before The Ontario Securities Commission

November 2, 2001

#### CURRENT PROCEEDINGS

BEFORE

#### ONTARIO SECURITIES COMMISSION

-----

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

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

Telephone: 416-597-0681      Telecopiers: 416-593-8348

CDS TDX 76

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

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#### THE COMMISSIONERS

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Stephen N. Adams, Q.C.	—	SNA
Derek Brown	—	DB
Robert W. Davis, FCA	—	RWD
John A. Geller, Q.C.	—	JAG
Robert W. Korhals	—	RWK
Mary Theresa McLeod	—	MTM
H. Lorne Morphy, Q. C.	—	HLM
R. Stephen Paddon, Q.C.	—	RSP

Date to be announced	<p><b>Mark Bonham and Bonham &amp; Co. Inc.</b></p> <p>s. 127</p> <p>Staff: TBA</p> <p>Panel: TBA</p>
October 24/2001 10:00 a.m.	<p><b>Sohan Singh Koonar</b></p> <p>s. 127 and 127.1</p> <p>Ms. Johanna Superina in attendance for staff.</p> <p>Panel: PMM</p>

October 29/2001 9:00 a.m.	<p><b>YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths Mckburney &amp; Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)</b></p> <p>s. 127</p>
October 30/2001 2:00 p.m.	<p><b>K. Daniels / M. Code / J. Naster / I. Smith in attendance for staff.</b></p> <p>Panel: HIW / DB / RWD</p>
November 6-9 November 13-16 December 4, 6, 7, 13, 14, 18 & 20/2001 9:30 a.m.	<p><b>Arlington Securities Inc. and Samuel Arthur Brian Milne</b></p> <p>s. 127</p> <p>Ms. Johanna Superina in attendance for staff.</p> <p>Panel: HIW / MTM / HLM</p>

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

Ms. Tracy Pratt in attendance for staff.

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

PROVINCIAL DIVISION PROCEEDINGS

**S. B. McLaughlin**

**Southwest Securities**

**Terry G. Dodsley**

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 Amendment to IDA By-Law No. 19,  
Investigatory Powers - Notice of  
Commission Approval**

**AMENDMENT TO IDA BY-LAW NO. 19,  
INVESTIGATORY POWERS  
NOTICE OF COMMISSION APPROVAL**

IDA By-Law No. 19 regarding investigatory powers has been approved by the Ontario Securities Commission. In addition, the Saskatchewan Securities Commission approved, the Alberta Securities Commission did not disapprove and the British Columbia Securities Commission did not object to these amendments. These amendments are effective as of August 27, 2001. The amendments give the IDA authority to obtain evidence in the course of an examination or investigation from employees of member firms. They also remove the restriction that listed persons may only be compelled to produce documents that are relevant to the matter being investigated. A listed person is a Member, registered representative, investment representative, sales manager, branch manager, assistant or co-branch manager, partners, director, officer, investor or employee of a Member. A copy and description of the amendments were published on May 4, 2001 at (2001) 24 OSCB2939. No comments were received.

**1.1.3 Amendment to Rule Under the Securities  
Act**

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

The Commission is publishing in today's Bulletin a Notice of Amendment and the Amendment to OSC Rule *In the Matter of Certain Reporting Issuers* [including National Policy Statement No. 41] (1997), 20 OSCB 1219, as amended by (1999), 22 OSCB 152, (2000), 23 OSCB 288 and (2000), 23 OSCB 6725.

The Notice and Amendment were delivered to the Minister on October 25, 2001. The documents are published in Chapter 5 of the Bulletin.



### 1.1.4 Notice of Minister of Finance Approval of Agreement

Notice of Minister of Finance Approval of Agreement Between the OSC, ASC, BCSC, SSC, NSSC, and IDA Re: Oversight Plan

**NOTICE OF MINISTER OF FINANCE APPROVAL OF AGREEMENT BETWEEN THE ONTARIO SECURITIES COMMISSION (THE "OSC"), THE ALBERTA SECURITIES COMMISSION (THE "ASC"), THE BRITISH COLUMBIA SECURITIES COMMISSION (THE "BCSC"), THE SASKATCHEWAN SECURITIES COMMISSION (THE "SSC"), THE NOVA SCOTIA SECURITIES COMMISSION (THE "NSSC") (COLLECTIVELY THE "RECOGNIZING REGULATORS") AND THE INVESTMENT DEALERS ASSOCIATION (THE "IDA") RE: COORDINATED OVERSIGHT PLAN OF THE IDA BY THE CANADIAN SECURITIES ADMINISTRATORS (THE "CSA") AND MONTHLY REPORTING REQUIREMENTS (COLLECTIVELY THE "AGREEMENT")**

On October 16, 2001, the Minister of Finance (Ontario) approved the Agreement setting out the terms of an oversight plan of the IDA by the recognizing regulators, who are all members of the CSA. The Agreement came into effect in the jurisdictions of the recognizing regulators on October 16, 2001, the date that it was approved by the Minister, pursuant to Section 143.10 of the Securities Act (Ontario). The Agreement was published in the OSC Bulletin on August 17, 2001.

The Commission des valeurs mobilières du Québec (the "CVMQ") is defined in the Agreement as participating regulator. The Agreement, to come into effect in the jurisdiction of Québec, must be approved by the CVMQ. Such approval has not yet been given.

### 1.1.5 OSC Policy 51-601 Reporting Issuer Defaults

The Commission is publishing, in Chapter 5 of today's Bulletin, Commission Policy 51-601 Reporting Issuer Defaults.

**NOTICE OF ONTARIO SECURITIES COMMISSION  
POLICY 51 - 601  
REPORTING ISSUER DEFAULTS**

#### Notice of Policy

The Commission has, under Section 143.8 of the Securities Act (Ontario) (the "Act"), adopted Policy 51-601 Reporting Issuer Defaults (the "Policy"). The Policy is effective on October 30, 2001.

#### Background

On December 8, 2000 the Commission published the Policy for comment (2000) 23 OSCB (8246) (the "2000 Draft"). The comment period ended February 8, 2001. No comments were received in response to the publication of the 2000 Draft. For a more detailed discussion of the contents of the Policy, please refer to the notice published with the 2000 Draft.

Capitalized terms used in this Notice are as defined in the Policy, unless otherwise indicated.

Terms used in the Policy that are defined or interpreted in the definition instruments in force in Ontario should be read in accordance with those definition instruments, unless the context otherwise requires.

#### Substance and Purpose of the Policy

The purpose of the Policy is to outline the guidelines followed and the factors considered by the Commission in determining if a reporting issuer is in default, maintaining a list of defaulting reporting issuers (the "Default List") and issuing certificates of no default under the Act.

The Policy will replace OSC Policy Statement No. 2.5 ("Policy 2.5") - *Certificates of No Default Under Subsection 71(8) [72(8)] and List of Defaulting Issuers Under Subsection 71(9) [72(9)] of the Securities Act.*

#### Summary of Changes

As a result of further consideration of the 2000 Draft, certain changes have been made to the Policy. The Commission does not consider any of the changes to be material and has therefore not published the changes for comment. The following is a description of the changes made to the Policy.

##### 1. References to Resale Restrictions

The 2000 Draft indicated that one of the rationales for certificates of no default relates to the fact that securities purchased under certain prospectus exemptions cannot be resold unless, among other things, the issuer is not in default of the Act or the regulations (the "Resale Restriction"). This failed to acknowledge that subsection 2.18(3) of Rule 45-501 *Exempt Distributions* (which was formerly substantially contained in section 21 of the regulation) essentially removes

the Resale Restriction, except where the seller is in a special relationship with the issuer. Changes have been made to the Policy to reflect 2.18(3) of Rule 45-501. Specifically, references to the Resale Restriction have been limited accordingly in subsections 1.1(1), 1.1(2) and 3.3(1) of the Policy.

## **2. References to List of Defaulting Issuers on Web site**

A minor change has been made to subsection 3.1(2) of the Policy, to reflect the fact that the Default List is now available on the Commission's Web site.

Also, the list of categories of defaulting issuers in subsection 3.1(4) of the Policy has been revised to make it consistent with the Default List posted on the Commission's Web site.

## **3. Content Deficiencies Apply to All Continuous Disclosure Documents**

The phrase "or other continuous disclosure documents" has been added to clause 3.1(4)(c) and to paragraph 3.3(2)4 to be consistent with subparagraph 3.3(2)4 (iii). This phrase was not in the equivalent provisions of Policy 2.5, which referred only to financial statements in this context. The reference to "other continuous disclosure documents" was added to subparagraph 3.3(2)4(iii) in the 2000 Draft and this addition was highlighted in the notice that was published with the 2000 Draft. It has now been added to the other two provisions as well, for consistency.

## **4. Advance Notification of Default Status and Opportunity to be Heard**

Part 4 of the 2000 Draft provided that ordinarily, an issuer is only notified of its addition to the Default List if the default is as described in paragraph 3.3(2)4(iii) (content deficiencies) or subsection 3.5(3) (a default not specifically described in the Policy). The 2000 Draft also provided that a determination described in clause 3.3(2)4(iii) is ordinarily made only after a (Commission) hearing, but if the deficiency is clear and significant, the Director could determine (after giving the issuer an opportunity to be heard by the Director) that the issuer would be considered to be in default during the period before the Commission hearing.

After further consideration, the Commission has decided that, in almost all cases, an issuer will be notified in advance of any intent to treat it as being in default and the issuer may request a hearing before the Commission on this matter. The Commission has made this change because it believes issuers should receive advance notice irrespective of the type of default.

If the default is not clear and the issuer requests a hearing, then the issuer will generally not be included on the Default List pending the hearing, provided that the issuer requests a hearing within 10 days of the notification described in the preceding paragraph. Without such a time limit on the period for requesting a hearing, an issuer could postpone indefinitely the time for determination of whether the issuer should be added to the Default List.

On the other hand, if the default is clear, then, even if the issuer requests a Commission hearing, the issuer could be

included on the Default List before the hearing. There is a variation to this, when the default is the type described in clause 3.3(2)4(iii) (content deficiency) or in subsection 3.3(3) (a requirement not specified in the Policy). In these 2 cases, the issuer would be given the opportunity to be heard by the Director, on the issue of whether it should be added to the Default List, before the Commission hearing. This variation is in line with what was in the 2000 Draft regarding content deficiencies (as described above) and is considered appropriate because the issue of whether a content deficiency is "clear and significant" is more debatable than whether the other defaults described in subsection 3.3(2) are "clear" and therefore the issuer should be given an opportunity to make submissions to the Director, before being added to the Default List. The opportunity to be heard by the Director regarding defaults of requirements not specified in the Policy (subsection 3.3(3) of the Policy) was not in the 2000 Draft nor in Policy 2.5. However, once again, the Commission believes this is appropriate because the issue of whether a requirement is "significant" is also more debatable.

To reflect all of the above, Part 4 of the 2000 Draft has been replaced by new subsection 3.3(4) and section 3.5 of the 2000 Draft has been replaced by subsections 3.3(3) and 3.3(4).

## **Rescission of Policy**

The Policy will replace Policy 2.5. The Commission proposes to rescind Policy 2.5. The text of the proposed rescission is as follows:

"OSC Policy Statement No. 2.5 entitled "Certificates of No Default Under Subsection 71(8) [72(8)] and List of Defaulting Issuers Under Subsection 71(9) [72(9)] of the Securities Act" is rescinded".

## 1.1.6 CSA Staff Notice - System for Electronic Disclosure by Insiders (SEDI)

### CANADIAN SECURITIES ADMINISTRATORS' STAFF NOTICE 55-303

#### SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI) NATIONAL INSTRUMENT 55-102

#### Extension of Electronic Filing and Reporting Deadlines - Issuer Profile Supplement Filing Deadline Extended to November 19, 2001, and Insider and Issuer Event Reporting Start December 17, 2001

The Canadian Securities Administrators ("CSA") are extending the deadline for full implementation of the new system for electronic filing of insider trading reports.

The System for Electronic Disclosure by Insiders (SEDI) will go live as scheduled October 29, 2001. The new national insider trade reporting system, available over the Internet at [www.sedi.ca](http://www.sedi.ca), will make filing and retrieval of insider trading information more convenient and faster for insiders and the investing public.

However, the deadline for issuers to file their issuer profile supplements, containing information about the issuer's outstanding securities, has been extended to November 19, 2001, from November 5, 2001. In addition, insiders must file insider reports and issuers must file issuer event reports electronically in SEDI effective December 17, 2001, a change from the original date of November 13, 2001. Beginning December 3, 2001, insiders will be able to register and file insider profiles in SEDI.

These changes were made to allow additional time to fine tune and further test the system. These changes will also provide a longer transition period as requested by issuers and filing agents during a nationwide series of information sessions sponsored by the CSA and held in October, 2001.

Pending these new deadlines, the CSA will either, depending on the jurisdiction, refrain from enforcing, vary the time periods of, or issue blanket exemptive relief from, the relevant provisions of National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)* and related instruments, requiring issuers to file electronically issuer profile supplements and issuer event reports, and insiders to file electronically their insider trade reports. Until December 17, 2001, insiders should continue to file insider reports in paper format in the same manner as they currently file these reports.

Set out below is a summary of the obligations and new deadlines for issuers and insiders filing in SEDI:

#### Issuer Obligations

- Between October 29 and November 19, 2001, SEDI issuers will register and file an issuer profile supplement with information about their outstanding securities. Any new issuers after October 29, 2001 will have three business days

to register and file their issuer profile supplement.

- Beginning December 17, 2001, SEDI issuers will file a report in SEDI one day after the occurrence of an "issuer event", which includes a stock dividend, stock split, consolidation, amalgamation, reorganization, merger or other similar event. This information will be used by insiders to update information about their insider trades.
- An annual service charge will apply to all SEDI issuers through SEDAR.

#### Insider Obligations

- Beginning December 3, 2001, insiders can register and file an insider profile, identifying the insider and the insider's relationship to one or more SEDI issuers. Registration and insider profile filing does not have to be immediate: they can be done after a trade is made, within the 10-day period following the actual trade.
- Starting December 17, 2001, insiders with reporting obligations must file insider reports in SEDI within 10 days of making an insider trade.
- The information required to be submitted through an electronic report is substantially the same as that required by the current paper form.
- Insiders will not be required to pay filing fees.

For further information, please contact:

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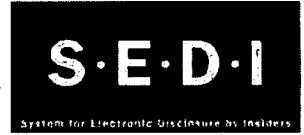
Winnie Sanjoto  
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October 26, 2001

### 1.1.7 Letter to Market Participants - re: SEDI

The following letter was faxed to approximately 800 market participants over the weekend of October 27-28 to inform them of the changes to the implementation schedule of the System for Electronic Disclosure by Insiders - SEDI.



October 26, 2001

#### IMPORTANT SEDI UPDATE CSA to Provide More Time to Prepare for SEDI

Dear Market Participant,

Many of you attended the OSC's information session on the System for Electronic Disclosure by Insiders ("SEDI") on Monday October 15, 2001. We were pleased that so many people (over 400) attended the session and were so focussed on the upcoming implementation of the system. Similar sessions were held by the CSA over the past two weeks in various cities across Canada.

The System for Electronic Disclosure by Insiders (SEDI) will go live as scheduled next Monday, October 29. However, the **deadline for issuers to file their issuer profile supplements** in SEDI has been **extended to November 19** from November 5. In addition, **insiders will be required to file insider reports electronically effective December 17**, a change from the original date of November 13. All on-line registration and filing procedures for insiders will be available on SEDI beginning December 3.

The change was made to allow additional time to fine tune and further test the system. It will also provide a longer transition period as requested by issuers and filing agents during the nationwide series of information sessions.

Insiders are to continue to use current paper procedures for filing until the new deadlines. Further information regarding insiders' legal obligations can be found in the CSA Notice issued today, which is posted on Commission web sites.

To re-iterate the key points made at the October 15, 2001 session:

- SEDI and the National Instrument ("NI") that sets out the filing obligations on SEDI introduce no new reporting requirements for insiders. Rather, the reporting of trades by insiders will be done electronically instead of in paper.
- The forms that you will have to fill in on SEDI are attached to the NI as Forms F1 to F5.
- Only issuers need to register and submit their issuer profile supplements during the period from October 29 to November 19 (previously November 5).
- Insiders are not required to register until they have a trade to report on or after December 17 (previously

November 13). They may register beginning on December 3.

- If an insider does a trade within the 10 days prior to December 17, they have a choice. They can file the report in paper before December 17 or, as long as the issuer has been set up in SEDI, the insider can file its report on SEDI on or after December 17.
- Whether you are an agent for an issuer or for an issuer and all its insiders you only need one userid and one password. You will, however, also need an access key for the issuer and each of the insiders.

The SEDI web site ([www.sedi.ca](http://www.sedi.ca)) will contain an on-line help function. In addition, the web site has been designed to be user friendly, with many pop-up windows and plain language instructions. To further address the questions that were asked at the OSC's information session, Q&A's from the October 15 session are now posted on our web site. ([www.osc.gov.on.ca](http://www.osc.gov.on.ca) - under Hot Topics). We have also posted the handout package and slides from the session on our web site.

As I said at the session on October 15, I recognize that this is a change in the way insiders do their filings. Please know that we are here to assist you throughout this transition. If you experience a technical problem in SEDI, you can contact the CDS helpdesk from 7 a.m. to 11 p.m. eastern time Monday to Friday at 1-800-219-5381. For further information or assistance on how to use SEDI for filing purposes or if you need any information regarding insider reporting requirements, you may contact the OSC by telephone at 1-877-785-1555 (Toll Free) or (416) 593-8314 (Toronto local calling area) or by e-mail at [inquiries@osc.gov.on.ca](mailto:inquiries@osc.gov.on.ca).

You are also free to call any one of the staff members involved in the SEDI project, including myself. Our names are listed below and we can be reached through the OSC numbers outlined above.

We look forward to this exciting development and are here to assist you with the transition.

Yours truly,

"Kathryn Soden"

Kathryn Soden  
Director, Corporate Finance  
Ontario Securities Commission

cc.

Iva Vranic, Manager, Corporate Finance Team 2  
~~Dyan~~ Rogers, Senior Legal Counsel & Chair of SEDI Legal Committee  
Ritu Kalra, Senior Accountant, SEDI Business Committee  
Winnie Sanjoto, Legal Counsel, SEDI Legal Committee  
Jean-Paul Bureaud, Legal Counsel, SEDI Business Committee  
Elaine Wright, Business Analyst  
Elizabeth Henry, Insider Reporting Review Officer  
Peter Gleeson, Insider Reporting Clerk

## 1.2 News Releases

### 1.2.1 CSA - Securities Regulators Provide More Time to Prepare for SEDI

FOR IMMEDIATE RELEASE  
October 26, 2001

#### SECURITIES REGULATORS PROVIDE MORE TIME TO PREPARE FOR SEDI

**Vancouver** – Canadian securities regulators are extending the deadline for full implementation of the new system for electronic filing of insider trading reports.

The System for Electronic Disclosure by Insiders (SEDI) will go live as scheduled next Monday, October 29, the Canadian Securities Administrators (CSA) announced today. However, the deadline for public companies to file their issuer profile supplements has been extended to November 19 from November 5. In addition insiders will be required to file insider reports electronically effective December 17, a change from the original date of November 13. All on-line registration and filing procedures for insiders will be available beginning December 3.

The change was made to allow additional time to fine tune and further test the system. It will also provide a longer transition period as requested by issuers and filing agents during a nationwide series of information sessions sponsored by the CSA during the past two weeks. Insiders will continue to use current paper procedures for filing until the new deadlines.

The CSA is the umbrella organization representing Canada's 13 provincial and territorial securities commissions. Further information regarding insiders' legal obligations can be found in the CSA Notice issued today, which is attached and posted on Commission websites.

If you experience a technical problem in SEDI, you can contact the CDS helpdesk from 7 a.m. to 11 p.m. eastern time Monday to Friday at 1-800-219-5381. If you need additional information on how to use SEDI for filing purposes, or if you need any compliance-related information concerning insider trading, contact your local securities commission.

#### Media Contacts:

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Andy Poon  
B.C. Securities Commission  
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1-800-373-6393 (BC only)  
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Ainsley Cunningham  
Manitoba Securities Commission  
204-945-4733  
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Eric Pelletier  
CDS Inc.  
416-365-8427  
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Barbara Shourounis  
Saskatchewan Securities Commission  
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## 1.2.2 OSC to Identify Opportunities for Reducing Regulatory Burden

FOR IMMEDIATE RELEASE  
October 30, 2001

### OSC TO IDENTIFY OPPORTUNITIES FOR REDUCING REGULATORY BURDEN

**Toronto** - The Ontario Securities Commission (OSC) has established a working group to identify opportunities to reduce regulatory costs for market participants. Its mandate is to pinpoint regulatory activities which create efficiency impediments and associated cost impacts that can outweigh their public interest benefits.

The working group will canvass a wide range of market participants and OSC staff for their ideas on removing any unnecessary complications in the regulatory process.

"Any time we can alleviate regulatory burdens without impeding the ability of the Commission to carry out its mandate, we will do so," said OSC Chair David Brown. "I look forward to hearing the working group's findings."

The working group is comprised of three individuals:

- Morley P. Carscallen, F.C.A., is a former senior partner of Coopers & Lybrand (now PricewaterhouseCoopers) and former Vice-Chair of the Ontario Securities Commission.
- W. Keith Gray is a retired Chair and CEO of TD Waterhouse and TD Evergreen, and a former Director of the Montreal Stock Exchange and the Canadian Depository for Securities.
- J. Garnet (Gar) Pink, Q.C. is a corporate consultant and former senior partner of Tory Tory DesLauriers & Binnington (now Torys), where he practised corporation and securities law.

"We believe this exercise will uncover some very useful suggestions, and trust that the individuals we contact will be eager to contribute," said Mr. Carscallen, the group's Chair. "We will be communicating our recommendations to the OSC on an on-going basis, and expect to complete our work next year."

The working group's mandate is to make recommendations which can be implemented solely by the OSC and do not require legislative changes or involve regulators in other jurisdictions.

For Media Inquiries:

Frank Switzer  
Director, Communications  
(416) 593-8120

For Public Inquiries:

OSC Contact Centre  
(416) 593-8314  
1-877-785-1555 (Toll Free)

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## Chapter 2

# Decisions, Orders and Rulings

### 2.1 Decisions

#### 2.1.1 Dominion Canada Finance Company and Dominion Resources, Inc. - MRRS Decision

##### Headnote

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

##### Ontario Rule Cited

Rule 51-501 AIF and MD&A

##### Applicable Ontario Statutory Provisions

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

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ONTARIO, QUEBEC AND SASKATCHEWAN**

**AND**

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

**AND**

**IN THE MATTER OF  
DOMINION CANADA FINANCE COMPANY AND  
DOMINION RESOURCES, INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Saskatchewan, Ontario and Quebec (the "Jurisdictions") has received an application from Dominion Resources, Inc. ("Dominion US") and its subsidiary Dominion Canada Finance Company (the "Issuer", and together with Dominion US, the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation that under Ontario Securities Commission Rule 51-501 - AIF and MD&A, section 159 of the regulation to the *Securities Act* (Quebec) and Saskatchewan Instrument 51-501-AIF and MD&A, the Issuer file with the applicable Decision Makers an annual information form (the "AIF Requirement") shall not apply;

**AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the "System") relief was provided by a decision dated September 7, 2001 with respect to the Eligibility Requirement, the Reconciliation Requirement, and the Continuous Disclosure Requirements (as such terms are defined in that decision);

**AND WHEREAS** under the System, the Ontario Securities Commission is the principal regulator for this application;

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

1. Dominion US was incorporated under the laws of the Commonwealth of Virginia in 1983 and is not a reporting issuer or the equivalent in any of the Jurisdictions.
2. Dominion US has been a reporting company under the United States Securities Exchange Act of 1934, as amended (the "1934 Act") since 1983.
3. Dominion US has filed with the United States Securities and Exchange Commission (the "SEC") all filings required to be made with the SEC under Sections 13, 14 and 15(d) of the 1934 Act since it first became a reporting company.
4. As at December 31, 2000, Dominion US had approximately US\$12 billion in long term debt outstanding. All of Dominion US' directly issued outstanding long term debt is rated "BBB+" by Standard & Poor's Corporation and "Baa-1" by Moody's Investors Service, Inc..
5. The common shares in the capital of Dominion US are publicly traded and listed under the symbol "D" on the New York Stock Exchange (the "NYSE"). As at the close of trading on the NYSE on August 20, 2001, the common shares of Dominion US not held by affiliates of Dominion US had a market value in excess of US\$15 billion.
6. Dominion US is the largest fully integrated gas and electric company in the United States with four million customers, 21,000 megawatts of electric power generation, 2.8 trillion cubic feet of natural gas and natural gas equivalents and operates North America's largest natural gas storage system. With approximately US\$29.3 billion in owned and managed assets at December 31, 2000, Dominion US is positioned to serve the more than 50 million homes and businesses in the Midwest to Northwest quadrant of the United States.

7. The head office of the Issuer is in Calgary, Alberta.
8. The Issuer was incorporated under the *Companies Act* (Nova Scotia) on August 20, 2001, and is an indirect wholly-owned subsidiary of Dominion US. The Issuer extra-provincially registered in Alberta on August 21, 2001.
9. The Issuer's only business is to access Canadian capital markets to raise funds, which it lends or otherwise invests in the Canadian subsidiary companies of Dominion US. The Issuer does not carry on any operating business.
10. The Issuer is not a reporting issuer or its equivalent in any of the Jurisdictions. As a result of its filing a short form base shelf prospectus in each of the Jurisdictions to establish the Offering (as defined below), the Issuer will become a reporting issuer or the equivalent in each Jurisdiction which imposes such a concept.
11. Dominion US satisfies all the criteria set forth in paragraph 3.1(a) of National Instrument 71-101 ("NI 71-101") and is eligible to use the multi-jurisdictional disclosure system ("MJDS") (as set out in NI 71-101) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure.
12. Except for the fact that the Issuer is not incorporated under United States law, the Offering (as defined below) would comply with the alternative eligibility criteria for offerings of non-convertible debt having an approved rating under the MJDS as set forth in paragraphs 3.1 and 3.2 of NI 71-101.
13. The Issuer does not satisfy the alternative qualification criteria for issuers of guaranteed non-convertible debt securities, as set out in section 2.5 of National Instrument 44-101 - Short Form Prospectus Distributions ("NI 44-101"), solely because Dominion US (as guarantor of the Offering) is not a reporting issuer in any jurisdiction.
14. The Issuer proposes to establish a program to raise up to approximately Cdn.\$750,000,000 in Canada (the "Offering") through its issuance of Notes from time to time over a two-year period.
15. The Notes will be fully and unconditionally guaranteed by Dominion US as to payment of principal, interest and all other amounts due thereunder within 15 days of failure by the Issuer to make any such payment. All Notes will have an Approved Rating (as defined in NI 44-101).

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

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

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

**THE DECISION** of the Decision Makers under the Legislation is that the AIF Requirement shall not apply to the Issuer, so long as:

- (a) the Issuer complies with all of the other requirements of NI 44-101, except as varied in paragraph (c) below;
- (b) prior to the filing of a preliminary short form prospectus for the Offering (the "Prospectus"):
  - (i) Dominion US files with the Decision Makers an AIF in the form of an annual report on Form 10-K ("Dominion US' AIF"), in electronic format through SEDAR (as defined in National Instrument 13-101 - Filings with Securities Regulatory Authorities) under the Issuer's SEDAR profile; and
  - (ii) Dominion US files with the Decision Makers, in electronic format under the Issuer's SEDAR profile, the following documents that Dominion US has filed under the 1934 Act during the last year:
    - (A) Dominion US' 2000 annual report on Form 10-K;
    - (B) its quarterly reports on Form 10-Q for the periods ended March 31, 2001 and June 30, 2001;
- (c) the Prospectus is prepared pursuant to the Shelf Requirements and complies with the requirements set out in Form 44-101F3, with the disclosure required by item 12 of Form 44-101F3 being addressed by incorporating by reference Dominion US' public disclosure documents as well as Dominion US' AIF and the disclosure required by item 7 of Form 44-101F3 being addressed by disclosure with respect to Dominion US in accordance with United States requirements;
- (d) the annual and interim financial statements that are included in the Prospectus are prepared in accordance with U.S. GAAP and otherwise comply with the requirements of U.S. law, and in the case of the audited annual financial statements, such financial statements are audited in accordance with U.S. GAAS;
- (e) the Prospectus includes all material disclosure concerning the Issuer;
- (f) the Prospectus incorporates by reference disclosure made in Dominion US' most recent Form 10-K (as filed under the 1934 Act) together with all Form 10-Qs and mandatory Form 8-Ks filed under the 1934 Act in respect of the financial year following the year that is the subject of Dominion US' most recently filed Form

10-K and incorporates by reference any documents of the foregoing type filed after the date of the Prospectus and prior to termination of the Offering and states that purchasers of the Notes will not receive separate continuous disclosure information regarding the Issuer;

- (g) Dominion US continues to fully and unconditionally guarantee the Notes as to the payments required to be made by the Issuer to holders of the Notes under the provisions of the note indenture relating thereto;
- (h) the Notes have an Approved Rating (as defined in NI 44-101);
- (i) Dominion US signs the prospectus as promoter;
- (j) Dominion US remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of the Issuer;
- (k) Dominion US continues to satisfy the criteria set forth in paragraph 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure; and
- (l) Dominion US undertakes to file with the Decision Makers, in electronic format under the Issuer's SEDAR profile, all documents that it files under sections 13 and 15(d) of the 1934 Act until such time as the Notes are no longer outstanding.
- (m) Dominion US files with each of the Decision Makers, in electronic format under the Issuer's SEDAR profile, copies of all documents filed by it with the SEC under sections 13, 14 and 15(d) of the 1934 Act, within 24 hours after filing with the SEC including, but not limited to, copies of any Form 10-K, Form 10-Q, mandatory Form 8-K (including press releases), and proxy statements prepared in connection with Dominion US' annual meetings;
- (n) the documents referred to in paragraph (m) above are provided to debt security holders whose last address as shown on the books of the Issuer is in Canada in the manner, at the time and only if required by applicable United States law;
- (o) each Insider (as defined in the Legislation) files with the SEC on a timely basis, the reports, if any, required to be filed with the SEC pursuant to section 16(a) of the 1934 Act and the rules and regulations thereunder;
- (p) Dominion US complies with the requirements of the NYSE (or such other principal stock exchange on which its common shares are then listed) in respect of making public disclosure of

material information on a timely basis and forthwith issues in the Jurisdictions and files with the Decision Makers, in electronic format under the Issuer's SEDAR profile, any press release that discloses a material change in Dominion US affairs;

- (q) Dominion US remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of the Issuer;
- (r) Dominion US maintains a class of securities registered pursuant to section 12 of the 1934 Act;
- (s) if there is a material change in respect of the business, operations or capital of the Issuer that is not a material change in respect of Dominion US, the Issuer will comply with the requirements of the Legislation to issue a press release and file a material change report notwithstanding that the change may not be a material change in respect of Dominion US;
- (t) Dominion US continues to fully and unconditionally guarantee the Notes as to the payments required to be made by the Issuer to holders of the Notes;
- (u) the Issuer does not issue additional securities other than the Notes (or any other series of the Notes which hereinafter may be issued), debt securities ranking *pari passu* to the Notes, any debentures issued in connection with the security granted by the Issuer to the holders of Notes or debt ranking *pari passu* with the Notes, and those securities currently issued and outstanding, other than to Dominion US or to wholly-owned subsidiaries of Dominion US;
- (v) if Notes of another series or debt securities ranking *pari passu* with the Notes are hereinafter issued by the Issuer, Dominion US shall fully and unconditionally guarantee such Notes or debt securities as to the payments required to be made by the Issuer to holders of such Notes or debt securities; and
- (w) all filing fees that would otherwise be payable by the Issuer in connection with the requirement to:
  - (i) file with the Decision Makers and send to its shareholders audited annual financial statements and annual reports, where applicable;
  - (ii) file with the Decision Makers and send to its shareholders interim financial statements;
  - (iii) file with the Decision Makers annual and interim MD&A;

- (iv) issue and file with the Decision Makers press releases and file with the Decision Makers material change reports;
- (v) comply with the proxy and proxy solicitation requirements, including filing with the Decision Makers an information circular or report in lieu thereof; and
- (vi) file insider reports with the Decision Makers;

are paid.

September 14, 2001.

"Margo Paul"

## 2.1.2 Dominion Canada Finance Company and Dominion Resources, Inc. - MRRS Decision

### Headnote

#### Mutual Reliance Review System

NI 44-101 - relief granted from : (a) the requirement of ss.2.5(1)2 to allow a wholly owned Canadian subsidiary of a MJDS eligible U.S. issuer to issue approved rating debt, fully and unconditionally guaranteed by the parent company, under Short Form Prospectus System; and (b) the GAAP Reconciliation Requirement in ss. 7.1(2)(b).

Commission grants continuous disclosure relief to Canadian subsidiary.

### National Instruments Cited

National Instrument 44-101 Short Form Prospectus Distributions

National Instrument 44-102 Shelf Distributions

### Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF  
DOMINION CANADA FINANCE COMPANY  
AND DOMINION RESOURCES, INC.

### MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland (the "Jurisdictions") has received an application from Dominion Resources, Inc. ("Dominion US") and its subsidiary Dominion Canada Finance Company (the "Issuer", and together with Dominion US, the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation that:

- (a) under National Instrument 44-101 – Short Form Prospectus Distributions ("NI 44-101") and

National Instrument 44-102 – Shelf Distributions (collectively, the "Shelf Requirements"), a credit supporter be a reporting issuer with a 12 month reporting history in a jurisdiction (the "Eligibility Requirement") in connection with the issuance by the Issuer of non-convertible debt securities (the "Notes") with an Approved Rating (as such term is defined in NI 44-101) which will be fully and unconditionally guaranteed by Dominion US;

- (b) under NI 44-101, that the financial statements of Dominion US that are included in a short form prospectus of the Issuer and are prepared in accordance with foreign GAAP (as such term is defined in NI 44-101) be reconciled to Canadian generally accepted accounting principles ("Canadian GAAP") and that where such financial statements are audited in accordance with foreign GAAS (as such term is defined in NI 44-101) the Issuer provide a statement by the auditor disclosing any material differences in the auditor's report and confirming that the auditing standards of the foreign jurisdiction are substantially similar to Canadian generally accepted auditing standards (the "Reconciliation Requirement");
- (c) the Issuer file with the Decision Makers and send to its shareholders audited annual financial statements and annual reports, where applicable (the "Annual Financial Statement Requirements");
- (d) the Issuer file with the Decision Makers and send to its shareholders unaudited interim financial statements (the "Interim Financial Statement Requirements");
- (e) the Issuer file with the Decision Makers annual and interim MD&A (the "MD&A Requirements");
- (f) the Issuer issue and file with the Decision Makers press releases and file with the Decision Makers material change reports (together, the "Material Change Requirements");
- (g) the Issuer comply with the proxy and proxy solicitation requirements, including filing with the Decision Makers an information circular or report in lieu thereof (the "Proxy Requirements");
- (h) insiders of the Issuer ("Insiders") file insider reports with the Decision Makers (the "Insider Reporting Requirements"),

shall not apply;

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

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

1. Dominion US was incorporated under the laws of the Commonwealth of Virginia in 1983 and is not a reporting issuer or the equivalent in any of the Jurisdictions.
2. Dominion US has been a reporting company under the United States Securities Exchange Act of 1934, as amended (the "1934 Act") since 1983.
3. Dominion US has filed with the United States Securities and Exchange Commission (the "SEC") all filings required to be made with the SEC under Sections 13, 14 and 15(d) of the 1934 Act since it first became a reporting company.
4. As at December 31, 2000, Dominion US had approximately US\$12 billion in long term debt outstanding. All of Dominion US' directly issued outstanding long term debt is rated "BBB+" by Standard & Poor's Corporation and "Baa-1" by Moody's Investors Service, Inc..
5. The common shares in the capital of Dominion US are publicly traded and listed under the symbol "D" on the New York Stock Exchange (the "NYSE"). As at the close of trading on the NYSE on August 20, 2001, the common shares of Dominion US not held by affiliates of Dominion US had a market value in excess of US\$15 billion.
6. Dominion US is the largest fully integrated gas and electric company in the United States with four million customers, 21,000 megawatts of electric power generation, 2.8 trillion cubic feet of natural gas and natural gas equivalents and operates North America's largest natural gas storage system. With approximately US\$29.3 billion in owned and managed assets at December 31, 2000, Dominion US is positioned to serve the more than 50 million homes and businesses in the Midwest to Northwest quadrant of the United States.
7. The head office of the Issuer is in Calgary, Alberta.
8. The Issuer was incorporated under the *Companies Act* (Nova Scotia) on August 20, 2001, and is an indirect wholly-owned subsidiary of Dominion US. The Issuer extra-provincially registered in Alberta on August 21, 2001.
9. The Issuer's only business is to access Canadian capital markets to raise funds, which it lends or otherwise invests in the Canadian subsidiary companies of Dominion US. The Issuer does not carry on any operating business.
10. The Issuer is not a reporting issuer or its equivalent in any of the Jurisdictions. As a result of obtaining a final MRRS Decision Document for the filing of a final short form base shelf prospectus in each of the Jurisdictions to establish the Offering (as defined below), the Issuer will become a reporting issuer or the equivalent in each Jurisdiction which imposes such a concept.
11. Dominion US satisfies all the criteria set forth in paragraph 3.1(a) of National Instrument 71-101 ("NI

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

12. Except for the fact that the Issuer is not incorporated under United States law, the Offering (as defined below) would comply with the alternative eligibility criteria for offerings of non-convertible debt having an approved rating under the MJDS as set forth in paragraphs 3.1 and 3.2 of NI 71-101.
13. The Issuer does not satisfy the alternative qualification criteria for issuers of guaranteed non-convertible debt securities, as set out in section 2.5 of NI 44-101, solely because Dominion US (as guarantor of the Offering) is not a reporting issuer in any jurisdiction.
14. The Issuer proposes to establish a program to raise up to approximately Cdn. \$750,000,000 in Canada (the "Offering") through its issuance of Notes from time to time over a two-year period.
15. The Notes will be fully and unconditionally guaranteed by Dominion US as to payment of principal, interest and all other amounts due thereunder within 15 days of failure by the Issuer to make any such payment. All Notes will have an Approved Rating (as defined in NI 44-101).

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

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

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

- (a) the Issuer complies with all of the other requirements of NI 44-101, except as varied in paragraph (c) below;
- (b) prior to the filing of a preliminary short form prospectus for the Offering (the "Prospectus"):
  - (i) Dominion US files with the Decision Makers an AIF in the form of an annual report on Form 10-K ("Dominion US' AIF"), in electronic format through SEDAR (as defined in National Instrument 13-101 – Filings with Securities Regulatory Authorities) under the Issuer's SEDAR profile; and
  - (ii) Dominion US files with the Decision Makers, in electronic format under the Issuer's SEDAR profile, the following

documents that Dominion US has filed under the 1934 Act during the last year: (A) Dominion US' 2000 annual report on Form 10-K; and (B) its quarterly reports on Form 10-Q for the periods ended March 31, 2001 and June 30, 2001;

- (c) the Prospectus is prepared pursuant to the Shelf Requirements and complies with the requirements set out in Form 44-101F3, with the disclosure required by item 12 of Form 44-101F3 being addressed by incorporating by reference Dominion US' public disclosure documents as well as Dominion US' AIF and the disclosure required by item 7 of Form 44-101F3 being addressed by disclosure with respect to Dominion US in accordance with United States requirements;
- (d) the annual and interim financial statements that are included in the Prospectus are prepared in accordance with US GAAP and otherwise comply with the requirements of US law, and in the case of the audited annual financial statements, such financial statements are audited in accordance with US GAAS;
- (e) the Prospectus includes all material disclosure concerning the Issuer;
- (f) the Prospectus incorporates by reference disclosure made in Dominion US' most recent Form 10-K (as filed under the 1934 Act) together with all Form 10-Qs and mandatory Form 8-Ks filed under the 1934 Act in respect of the financial year following the year that is the subject of Dominion US' most recently filed Form 10-K and incorporates by reference any documents of the foregoing type filed after the date of the Prospectus and prior to termination of the Offering and states that purchasers of the Notes will not receive separate continuous disclosure information regarding the Issuer;
- (g) Dominion US continues to fully and unconditionally guarantee the Notes as to the payments required to be made by the Issuer to holders of the Notes under the provisions of the note indenture relating thereto;
- (h) the Notes have an Approved Rating (as defined in NI 44-101);
- (i) Dominion US signs the prospectus as promoter;
- (j) Dominion US remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of the Issuer;
- (k) Dominion US continues to satisfy the criteria set forth in paragraph 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance

with United States prospectus requirements with certain additional Canadian disclosure; and

- (l) Dominion US undertakes to file with the Decision Makers, in electronic format under the Issuer's SEDAR profile, all documents that it files under sections 13 and 15(d) of the 1934 Act until such time as the Notes are no longer outstanding.

THE FURTHER DECISION of the Decision Makers under the Legislation is that the Annual Financial Statement Requirements, the Interim Financial Statement Requirements, the MD&A Requirements, the Material Change Requirements, the Proxy Requirements and the Insider Reporting Requirements (collectively, the "Continuous Disclosure Requirements") shall not apply to the Issuer or Insiders (as defined in the Legislation) of the Issuer, as the case may be, so long as:

- (a) Dominion US files with each of the Decision Makers, in electronic format under the Issuer's SEDAR profile, copies of all documents filed by it with the SEC under sections 13, 14 and 15(d) of the 1934 Act, within 24 hours after filing with the SEC including, but not limited to, copies of any Form 10-K, Form 10-Q, mandatory Form 8-K (including press releases), and proxy statements prepared in connection with Dominion US' annual meetings;
- (b) the documents referred to in paragraph (a) above are provided to debt security holders whose last address as shown on the books of the Issuer is in Canada in the manner, at the time and only if required by applicable United States law;
- (c) each Insider (as defined in the Legislation) files with the SEC on a timely basis, the reports, if any, required to be filed with the SEC pursuant to section 16(a) of the 1934 Act and the rules and regulations thereunder;
- (d) Dominion US complies with the requirements of the NYSE (or such other principal stock exchange on which its common shares are then listed) in respect of making public disclosure of material information on a timely basis and forthwith issues in the Jurisdictions and files with the Decision Makers, in electronic format under the Issuer's SEDAR profile, any press release that discloses a material change in Dominion US affairs;
- (e) Dominion US remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of the Issuer;
- (f) Dominion US maintains a class of securities registered pursuant to section 12 of the 1934 Act;
- (g) if there is a material change in respect of the business, operations or capital of the Issuer that is not a material change in respect of Dominion

US, the Issuer will comply with the requirements of the Legislation to issue a press release and file a material change report notwithstanding that the change may not be a material change in respect of Dominion US;

- (h) Dominion US continues to fully and unconditionally guarantee the Notes as to the payments required to be made by the Issuer to holders of the Notes;
- (i) the Issuer does not issue additional securities other than the Notes (or any other series of the Notes which hereinafter may be issued), debt securities ranking *pari passu* to the Notes, any debentures issued in connection with the security granted by the Issuer to the holders of Notes or debt ranking *pari passu* with the Notes, and those securities currently issued and outstanding, other than to Dominion US or to wholly-owned subsidiaries of Dominion US;
- (j) if Notes of another series or debt securities ranking *pari passu* with the Notes are hereinafter issued by the Issuer, Dominion US shall fully and unconditionally guarantee such Notes or debt securities as to the payments required to be made by the Issuer to holders of such Notes or debt securities; and
- (k) all filing fees that would otherwise be payable by the Issuer in connection with the Continuous Disclosure Requirements are paid.

DATED at Edmonton, Alberta on September 7, 2001.

"Agnes Lau"

### 2.1.3 Mapei Acquisition Inc. and Chembond Limited - MRRS Decision

#### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Employment agreements to be entered into between offeror and key executives of the offeree who are also selling securityholders of the offeree - Covenant granted by offeror in favour of the key executives relating to their appointment or election as directors of offeror - Agreement by senior officer of offeror to vote in favour of the election of the key executives as directors of the offeror - Decision made that agreements being entered into for reasons other than to increase the value of the consideration paid to the selling securityholders for their shares and that such agreements may be entered into notwithstanding the prohibition on collateral benefits.

#### Applicable Statutory Provisions

*Securities Act*, R.S.O. 1990, c. S.5, as amended, ss. 97 and 104(2)(a)

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

AND

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

AND

IN THE MATTER OF  
MAPEI ACQUISITION INC.  
AND CHEMBOND LIMITED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, and Québec (the "Jurisdictions") has received an application (the "Application") from Mapei Acquisition Inc. (the "Applicant") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, in connection with the Offer (the "Offer") made by the Applicant to acquire all of the issued and outstanding common shares (the "Common Shares") of Chembond Limited ("Chembond"), employment agreements (the "Retention Agreements") to be entered into between Mapei and each of David Conacher ("Conacher") and Robert Welsh ("Welsh" and, collectively with Conacher, the "Key Executives") are made for reasons other than to increase the value of the consideration to be paid to the Key Executives for their Common Shares and may be entered into despite the provision in the Legislation that prohibits an offeror who makes or intends to make a take-over bid or issuer bid and any person acting jointly or in concert with the Offeror from entering into any agreement, commitment or understanding

with any holder or beneficial owner of securities of the offeree issuer that has the effect of providing to the holder or owner a consideration of greater value than that offered to other holders of the same class of securities (the "Prohibition on Collateral Benefits");

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

AND WHEREAS the Applicant and Mapei Inc. ("Mapei") have represented to the Decision Makers as follows:

1. Mapei is incorporated under the *Canada Business Corporations Act*. Mapei's head office is located at 2900 Francis-Hugues Avenue, Laval, Quebec, H2L 3J5. Mapei is not a reporting issuer in any of the Provinces or Territories of Canada and has no present intention of becoming a reporting issuer.
2. The Applicant is incorporated under the *Business Corporations Act (Ontario)* (the "OBCA") and is a wholly-owned subsidiary of Mapei. The Applicant has been incorporated for the sole purpose of implementing the Offer and has not carried on any prior business operations.
3. Mapei is engaged in the business of manufacturing and selling adhesive and sealants for building and industrial use.
4. Chembond is incorporated under the OBCA and is a reporting issuer in Alberta and British Columbia. Its head office is located at 2130 Williams Parkway, Brampton, Ontario L6S 5X7.
5. Chembond is engaged in the business of manufacturing and selling adhesive and construction products.
6. The authorized capital of Chembond consists of an unlimited number of Common Shares and an unlimited number of non-voting preference shares (the "Preference Shares"). As at October 8, 2001, there were 20,833,334 Common Shares issued and outstanding. The Common Shares are listed and posted for trading on the CDNX. There are no Preference Shares issued and outstanding.
7. Welsh is the Chief Technology Officer ("CTO") of Chembond. He is a co-founder of Chembond and was President of Chembond from the time it began operations in 1977 until his appointment as CTO pursuant to an employment agreement dated April 6, 2001 (the "Welsh Agreement"). As CTO, Welsh is responsible for production, research, technical and quality control in the development of Chembond's new products and sales in its specialty line of products.
8. The principal terms of the Welsh Agreement are as follows:
  - (a) the agreement is for an indefinite duration but can be terminated by Chembond with thirty days notice to Welsh;



- (b) Chembond to provide Welsh with a leased car not to exceed \$900 per month and all reasonable expenses, including fuel;
  - (c) an annual salary of \$135,000 payable in monthly installments;
  - (d) participation in a bonus pool of up to 20% of net income prior to deduction of taxes;
  - (e) annual grant of a minimum of 100,000 options to purchase Common Shares;
  - (f) Chembond to create a self-supporting pension plan for Welsh; and
  - (g) severance compensation equivalent to three years salary and/or management fees is payable upon termination.
9. As of September 17, 2001, Welsh owned 4,395,182 Common Shares (the "Welsh Holdings") indirectly through a holding company. 2,221,554 Common Shares from the Welsh Holdings are held in escrow. The Welsh Holdings represent 35.5% of the issued and outstanding Common Shares.
10. David Conacher is the President and Chief Executive Officer of Chembond. The terms of his employment with Chembond are set out in an employment agreement dated April 6, 2001 (the "Conacher Agreement").
11. The principal terms of the Conacher Agreement are as follows:
- (a) the agreement is for an indefinite duration but can be terminated by Chembond with thirty days notice to Conacher;
  - (b) Chembond to provide Conacher with a leased car not to exceed \$900 per month and all reasonable expenses, including fuel;
  - (c) an annual salary of \$135,000 payable in monthly installments;
  - (d) participation in a bonus pool of up to 20% of net income prior to deduction of taxes;
  - (e) annual grant of a minimum of 50,000 options to purchase Common Shares;
  - (f) Chembond to create a self-supporting pension plan for Conacher; and
  - (g) severance compensation equivalent to three years salary and/or management fees is payable upon termination.
12. As of September 17, 2001, Conacher owned 3,010,000 Common Shares indirectly through a holding company and his spouse, Debbie Conacher, owned 34,000 Common Shares in a personal registered retirement savings account (collectively, the "Conacher Holdings").
- The Conacher Holdings represent 14.7% of the issued and outstanding Common Shares.
13. The Offer was publicly announced on September 13, 2001. Pursuant to the terms of the Support Agreement (as defined in paragraph 15 below), the consideration to be paid under the Offer is \$0.10 per Common Share (the "Purchase Price"), representing a 30% premium to market price based on the 10 day average closing price of the Common Shares for the period ending on the last trading day prior to the public announcement of the Offer.
14. On September 13, 2001, Mapei also entered into lock-up agreements (the "Lock-Up Agreements") with each of the personal holding companies of Welsh, Conacher and Malcolm J. Foulkes (collectively, the "Locked-Up Shareholders") pursuant to which the Locked-Up Shareholders agreed to deposit their Common Shares under the Offer at the Purchase Price. The Locked-Up Shareholders hold, in the aggregate, 15,090,000 Common Shares, which represent approximately 72 % of the issued and outstanding Common Shares.
15. On September 17, 2001, Mapei and Chembond entered into a support agreement (the "Support Agreement") setting out the terms and conditions upon which Mapei or one of its affiliates will make the Offer and reflecting Chembond's board of directors' unanimous approval and commitment to recommend the Offer for acceptance to holders of Common Shares. The Support Agreement requires that Mapei make the Offer to all holders of Common Shares (the "Chembond Shareholders") on or before November 25, 2001.
16. Based on the Purchase Price, Welsh will receive \$439,518.20 as consideration for the Welsh Holdings.
17. Based on the Purchase Price, Conacher will receive \$304,400 as consideration for the Conacher Holdings.
18. The Key Executives have, subject to certain conditions, covenanted in their Lock-Up Agreements to enter into the Retention Agreements. The Retention Agreements are for a term of three years each and their principal terms are as follows:
- (a) a non-competition covenant;
  - (b) a non-solicitation covenant;
  - (c) a confidentiality clause;
  - (d) a covenant requiring each of the Key Executives to devote substantially all of his time to his employment with Chembond and to work exclusively for such entity and with a view to its best interests;
  - (e) benefits comparable to those provided to Mapei's employees in similar circumstances and comparable levels of responsibility and in the aggregate as advantageous as Chembond's, including a vehicle allowance;

- (f) an annual base salary of \$140,000;
  - (g) a bonus entitlement payable on 10% of Chembond's net profits for the first year, 7% of net profits for the second year and 4% of profits for the third year; and
  - (h) severance compensation equal to one year of annual base salary if the Key Executives is terminated without cause.
19. Mapei's ability to retain the Key Executives was critical to its decision to make the Offer and pay the Purchase Price. Mapei believes that the Key Executives have played an integral role in the successful development of Chembond's business and that they have substantial experience in the business of manufacturing industrial products. In addition, Mapei believes that maintaining continuity of senior management will be a critical element in retaining the services of Chembond's other employees after completion of the Offer.
20. The terms of the Retention Agreements were negotiated between Mapei and the Key Executives on an arms-length basis and reflect commercially reasonable terms. The consideration and other benefits to be received by the Key Executives under the Retention Agreements are reasonable in light of the services to be rendered by the Key Executives to Mapei following completion of the Offer.
21. The Retention Agreements have been entered into for valid business reasons unrelated to the Key Executives' ownership of Common Shares and not for the purpose of providing the Key Executives with greater consideration for their Common Shares than the consideration that may be received by Chembond Shareholders other than the Key Executives in connection with the Offer.

**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 in the Jurisdictions under the Legislation is that, in connection with the Offer, the Retention Agreements are being entered into for reasons other than to increase the value of the consideration paid to the Key Executives in respect of their Common Shares and may be entered into notwithstanding the Prohibition on Collateral Benefits.

October 24, 2001.

"R. Stephen Paddon"

"Lorne Morphy"

## 2.1.4 Metallica Resources Inc. - MRRS Decision

### Headnote

MRRS - National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") - Applicant party to exploration agreement with senior issuer pursuant to which senior issuer can earn interest in applicant's property - Senior issuer operator of exploration program on property calculated and disclosed first time estimate of inferred resources on property - Applicant followed with its own press release - Property material to applicant, but not material to senior issuer - Applicant applied for relief from requirement to file a technical report and advised by staff of commission that relief would not be recommended - Applicant provided with extension of time for filing technical report in support of press release and with relief from requirement that technical report be prepared by an independent qualified person subject to certain conditions.

### Rules Cited

National Instrument 43-101 - Standards of Disclosure for Mineral Projects, ss. 4.2(1) 10 (i), 4.2(4), 5.3(1) 3, and 9.1.

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

AND

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

AND

**IN THE MATTER OF METALLICA RESOURCES INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of Ontario, Alberta, British Columbia and Quebec (the "Jurisdictions") has received an application from Metallica Resources Inc. ("Metallica", or the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in paragraphs 4.2(4)(a) and 5.3(1) 3 of National Instrument 43-101 (the "Instrument") shall not apply to Metallica in connection with the Resource Estimate Press Release, as defined in paragraph 10 below;

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

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

1. Metallica was incorporated under the laws of the Province of Ontario on June 23, 1977.

## Decisions, Orders and Rulings

2. The common shares of Metallica are listed and posted for trading on The Toronto Stock Exchange (the "TSE"), and are quoted on the NASDAQ over-the-counter bulletin board.
3. Metallica is, and has been for more than twelve months, a reporting issuer under the securities legislation of each of the Provinces of Ontario, Alberta, British Columbia and Quebec, and has not been notified of any default of any requirement of any applicable securities legislation of such jurisdictions.
4. Metallica is a mineral exploration and development company, with its principal offices based in Denver, Colorado.
5. Metallica is a party to a letter agreement for exploration dated February 10, 2000 (the "Exploration Agreement") with Noranda Inc. on behalf of its wholly owned Chilean affiliate Noranda Chile S.A. ("Noranda"), which Exploration Agreement relates to certain mineral property interests located in north central Chile, known collectively as the El Morro Project (the "Project").
6. Pursuant to the Exploration Agreement, Metallica granted to Noranda the exclusive right and option (the "Option") to earn an undivided 70% participating interest in the Project. To exercise the Option, Noranda must make certain payments to Metallica, incur mineral exploration and development expenses on the Project aggregating US\$10,000,000, purchase certain common shares of Metallica, and use commercially reasonable efforts to prepare and provide to Metallica a feasibility study on the Project.
7. The Exploration Agreement provides that during the Option period, Noranda shall, among other things:
  - (a) in its sole discretion, be responsible for proposing, carrying out and administering exploration and development work upon the Project, and have exclusive charge of all operations thereon;
  - (b) have quiet and exclusive possession of the Project and have the exclusive right to conduct exploration and development work on the Project;
  - (c) prepare and provide to Metallica work plans and budgets in respect of proposed exploration and development work on the Project;
  - (d) provide Metallica with monthly reports indicating the status of exploration and development work in respect of the Property, and reports on any significant results obtained on the Project as soon as is practicable.
8. Noranda has periodically informed Metallica of the results of the exploration activities on the Project, and Metallica has publicly disclosed such results by way of press release and material change report (the "Drill Result Public Disclosure").
9. The Drill Result Public Disclosure contains:
  - (i) information concerning the location, size and nature of ownership of the Project, including maps of the Project area showing separately the areas which were staked by Metallica, the areas which are subject to an underlying purchase option agreement to which Metallica is a party, and the area which is subject to a purchase option agreement entered into by Noranda after the effective date of the Option Agreement;
  - (ii) information concerning the terms of the underlying agreements pursuant to which Metallica and Noranda hold their interests in the Project, as well as a summary of the terms of the Option Agreement;
  - (iii) information concerning the history of the Project, including exploration work conducted by Metallica and third parties prior to the effective date of the Exploration Agreement;
  - (iv) assay results for each of the drill holes on the Project, accompanied by a map of the Project showing drill hole locations;
  - (v) the analytical methods used by Noranda, and the names of the independent laboratories which completed such analysis;
  - (vi) the name of the qualified person responsible for the design and conduct of the work performed by and on behalf of Noranda.
10. Noranda has made an inferred mineral resource estimate for the Project. On September 24, 2001, Metallica issued a press release disclosing Noranda's inferred mineral resource estimate for the Project (the "Resource Estimate Press Release"). The Resource Estimate Press Release was based upon information prepared by or under the supervision of Noranda's qualified person.
11. The Project is a property material to Metallica. The Resource Estimate Press Release constitutes first time disclosure of mineral resources on a property material to Metallica that constitutes a material change in respect of the affairs of Metallica. Part 4 of the Instrument provides that Metallica is required to file a technical report prepared in accordance with the Instrument supporting the disclosure in the Resource Estimate Press Release within 30 days of issuing such press release.
12. Noranda has not provided Metallica with a technical report which complies with the requirements for technical reports set out in the Instrument in respect of Noranda's inferred mineral resource estimate, and has advised Metallica that it does not intend to do so. Noranda has advised Metallica that the Project is not a property material to Noranda, and as a result Noranda is not obligated by Part 4 of the Instrument to prepare and file a technical report in support of its inferred mineral resource estimate. Metallica understands,

based on Noranda's public disclosure, that Noranda is a "producing issuer" within the meaning of the Instrument.

13. Metallica initially applied for relief from the requirement contained in paragraph 4.2(1) 10 of the Instrument, but was advised by staff of the Ontario Securities Commission that they would not recommend such relief to the Director of the Ontario Securities Commission.

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

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

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

1. Metallica is exempt from the requirement contained in paragraph 4.2(4)(a) of the Instrument in connection with the Resource Estimate Press Release so long as a technical report is filed in support of the Resource Estimate Press Release by November 26, 2001; and
2. Metallica is exempt from the requirement contained in paragraph 5.3(1) 3 of the Instrument in connection with the technical report to be filed by November 26, 2001 in accordance with the foregoing paragraph.

October 24, 2001.

"Kathy Soden"

## 2.1.5 Perigee Investment Counsel - MRRS Decision

### Headnote:

Exemption from the reporting requirements of clause 117(1)(c) of the *Securities Act* (Ontario) provided that certain disclosure is made in the statement of portfolio transactions for each mutual fund.

### Statutes Cited:

*Securities Act* (Ontario), R.S.O. 1990 c.S.5, as am., 117(1)(c) and 117(2).

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

AND

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

AND

IN THE MATTER OF  
PERIGEE INVESTMENT COUNSEL INC.

### MRRS DECISION DOCUMENT

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Newfoundland, Nova Scotia, Ontario and Saskatchewan (the "Jurisdictions") has received an application (the "Application") from Perigee Investment Counsel Inc. ("Perigee") for a decision (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the provisions of the Legislation requiring a management company or a mutual fund manager to file a report, within thirty days after each month end and in respect of each mutual fund to which it provides services, relating to every purchase or sale effected by such 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 (the "Monthly Reporting Requirement") not apply to purchases and sales effected by the Funds (as defined below) through Legg Mason Wood Walker, Inc. (the "Related Person");

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

1. Perigee is a corporation amalgamated under the laws of Canada and is an indirect wholly-owned subsidiary of Legg Mason, Inc. ("Legg Mason"), a holding company

based in Baltimore, Maryland. The head office of Perigee is in Toronto, Ontario.

2. Perigee acts as the manager and distributor for a group of funds that currently consists of 34 public mutual funds (the "Funds").
3. Perigee is registered as a dealer in the category of mutual fund dealer in the provinces of Ontario, British Columbia and Manitoba and as an advisor in the category of investment counsel and portfolio manager in the provinces of Ontario, British Columbia, Alberta, Manitoba, Quebec, Nova Scotia and New Brunswick.
4. The Funds are currently offered for sale in all provinces of Canada pursuant to an amended and restated simplified prospectus and annual information form dated June 11, 2001. The Royal Trust Company is the trustee for each of the Funds.
5. Each of the Funds is a reporting issuer under applicable Legislation and is not on the list of defaulting reporting issuers maintained under the Legislation.
6. The Related Person is a full service regional broker-dealer and investment banking firm operating primarily in the eastern and mid-south regions of the United States and is a wholly-owned subsidiary of Legg Mason.
7. Perigee has disclosed in the annual information form of the Funds that it selects investment brokers and allots the brokerage business in connection with the portfolio transactions of the Funds on the basis of Perigee's assessment of the quality and efficiency of the available services and the competitiveness of their commissions, and may use the Related Person to purchase or sell the investment portfolio of the Funds. Perigee has also disclosed in the statement of policies filed in the Jurisdictions that where Perigee uses the Related Person to purchase or sell securities it will seek the most favourable execution of its orders, which will be as good as or better than that offered by an unaffiliated third party broker in an arm's length transaction.
8. The form of the report required by the Legislation requires Perigee to state the issuer of the securities purchased or sold, the class or designation of the securities, the amount or number of securities, the consideration, the name of the related company receiving the fee, the name of the person that paid the fee to the related company and the amount of the fee received by the related company.
9. It is costly and time consuming for Perigee to provide the information required by the Legislation on a monthly and segregated basis.

**AND WHEREAS** pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker;

**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 Monthly Reporting Requirement shall not apply so as to require Perigee to file a report on a monthly basis in respect of every purchase or sale of securities effected by any of the Funds through the Related Person and with respect to which the Related Person received a fee either from a Fund or from the other party to the transaction or both,

**PROVIDED THAT** the Decision shall only apply if the statement of portfolio transactions prepared and filed for each Fund in accordance with the Legislation discloses, in respect of every class or designation of securities of an issuer bought or sold during the period to which the statement of portfolio transactions relates,:

- (a) the name of the Related Person;
- (b) the amount of fees paid to the Related Person; and
- (c) the person or company that paid the fees.

October 25, 2001.

"R. Stephen Paddon"

"H. Lorne Morphy"

**2.1.6 RBC Dominion Securities et al. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a connected issuer, but not a related issuer, in respect of registrants that are underwriters in proposed offering of trust units - Underwriters exempt from the independent underwriter requirement in the legislation provided that issuer is not in financial difficulty and disclosure is provided in the prospectus

**Applicable Ontario Statutes**

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

**Applicable Ontario Regulations**

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

**Applicable Ontario Rules**

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

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ONTARIO, QUÉBEC, NEWFOUNDLAND AND ALBERTA**

**AND**

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

**AND**

**IN THE MATTER OF  
RBC DOMINION SECURITIES INC.,  
BMO NESBITT BURNS INC.,  
CIBC WORLD MARKETS INC.,  
SCOTIA CAPITAL INC.  
AND ARC ENERGY TRUST**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Québec, Newfoundland and Alberta (the "Jurisdictions") have received an application from RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc. and Scotia Capital Inc. (the "Bank-Affiliated Underwriters") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation that the portion of an offering of securities to be underwritten by an independent underwriter be at least equal to the largest portion of the offering to be underwritten by any non-independent underwriter, where the offering is otherwise being underwritten by underwriters in respect of which the issuer is a "connected issuer" (the "Proportional Independent

Underwriter Requirements"), or the equivalent; shall not apply to a proposed distribution of Trust Units (the "Trust Units") of ARC Energy Trust (the "Issuer") to be made by way of a short form prospectus (the "Offering");

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

**AND WHEREAS** the Bank-Affiliated Underwriters have represented to the Decision Makers that:

1. The Issuer is an open-end investment trust created on May 7, 1996 under the laws of the Province of Alberta pursuant to a trust indenture dated May 7, 1996, as amended and restated as of June 7, 1999, as amended, between Montreal Trust Company of Canada, as trustee and ARC Resources Ltd. ("ARC Resources").
2. The Issuer is a reporting issuer under the Legislation of each Jurisdiction and is not in default of any requirements of the Legislation.
3. The Trust Units are listed and posted for trading on The Toronto Stock Exchange.
4. The Issuer has entered into an underwriting agreement (the "Underwriting Agreement") among the Issuer, ARC Resources, ARC Resources Management Ltd. and 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 and Dundee Securities Corporation (collectively, the "Underwriters") pursuant to which the Issuer has agreed to issue and sell and the Underwriters have agreed to purchase, as principals, Trust Units of the Issuer.
5. The Underwriting Agreement provides, among other things, for the payment of a 5% commission to the Underwriters. Each of the Underwriters, including the Bank-Affiliated Underwriters, will receive their respective share of such commission.
6. The proportion of the Offering to be purchased by the Underwriters pursuant to the Underwriting Agreement is as follows:

RBC Dominion Securities Inc.	-	32.00%
BMO Nesbitt Burns Inc.	-	13.75%
CIBC World Markets Inc.	-	13.75%
Merrill Lynch Canada Inc.	-	13.75%
Scotia Capital Inc.	-	13.75%
National Bank Financial Inc.	-	5.00%
TD Securities Inc.	-	4.00%
Raymond James Ltd.	-	2.00%
Canaccord Capital Corporation	-	1.00%
Dundee Securities Corporation	-	1.00%
		<u>100.00%</u>

7. The Issuer filed a preliminary short form prospectus on October 22, 2001 and has undertaken in the

- Underwriting Agreement to file a short form prospectus (the "Prospectus") with the securities regulatory authorities in each of the provinces of Canada and to obtain a receipt therefor in order to qualify the Trust Units for distribution in those provinces. Alberta has been designated as the principal jurisdiction for filing of the prospectuses.
8. The Underwriters will not benefit in any manner from the Offering other than the payment of the commissions described in paragraph 5 above.
  9. Two of the Issuer's subsidiaries, ARC Resources (a wholly-owned subsidiary of the Issuer) and ARC (Sask.) Energy Trust ("ARC Sask.") (a trust in which the Issuer holds an indirect interest) have a combined \$350 million credit facility (the "Credit Facility") currently established with four Canadian chartered banks (the "Banks"). Each of RBC Dominion Securities Inc., Scotia Capital Inc., CIBC World Markets Inc. and BMO Nesbitt Burns Inc. are direct or indirect wholly-owned subsidiaries of one of the Banks. As at September 30, 2001, ARC Resources and ARC Sask. currently owe approximately \$273.8 million to the Banks under the Credit Facility.
  10. The nature and details of the relationship among the Issuer, ARC Resources, ARC Sask., the Bank-Affiliated Underwriters and the Banks will be described in the Prospectus.
  11. The Prospectus will contain a certificate signed by each of the Underwriters in accordance with Item 21.2 of Form 44-101F3 to National Instrument 44-101.
  12. The net proceeds of the Offering will initially be used to repay a portion of the outstanding indebtedness owing to the Banks.
  13. The Issuer is not, in connection with the Offering, a "related issuer" (or the equivalent) to any of the Underwriters, as such term is defined in the Legislation. However, by virtue of the relationships described above, the Issuer may, in connection with the Offering, be a "connected issuer" (or the equivalent) to the Bank-Affiliated Underwriters, as such term is defined in Legislation.
  14. The decision to undertake the Offering, including the determination of the terms of the distribution, was made through negotiation between ARC Resources Management Ltd. (as manager of the Issuer) and ARC Resources on behalf of the Issuer and RBC Dominion Securities Inc., on its own behalf and on behalf of the other Underwriters, without involvement of the Banks. Each of the Underwriters has participated in the due diligence activities performed for the Offering and in the preparation of the Prospectus.
  15. The Underwriters, in connection with the Offering, will not comply with the Proportional Independent Underwriter Requirements.
  16. The Prospectus will contain the disclosure specified under Appendix "C" of draft Multi-Jurisdictional

Instrument 33-105 Underwriting Conflicts (as published February 6, 1998, the "1998 Draft Instrument").

17. The Issuer is not in financial difficulty and is not a "specified party" as that term is defined in the 1998 Draft Instrument.

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

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

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the Bank-Affiliated Underwriters shall be exempted from the Proportional Independent Underwriter Requirements contained in the Legislation in respect of the Offering, provided that:

- (a) at the time of the Offering, the Issuer is not a "specified party" (as that term is defined in the 1998 Draft Instrument); and
- (b) the Issuer is not a "related issuer" (as that term is defined in the 1998 Draft Instrument) to any Bank-Affiliated Underwriter.

October 29, 2001.

"Paul Moore"

"H. Lorne Morphy"

## 2.1.7 CIBC World Markets, et al. - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a connected, but not a related issuer, in respect of registrants that are underwriters in a proposed distribution of trust units by the issuer - Underwriters exempt from the independent underwriter requirement in the legislation provided that issuer is not in financial difficulty and certain disclosure of the relationship made in the prospectus.

### Ontario Regulations

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

### Applicable Ontario Rules

Proposed Multi-Jurisdictional Instrument 33-105: *Underwriting Conflicts* (1998), 21 OSCB 788 and amended at (2001) 24 OSCB 3805.

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

**AND**

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

**AND**

**IN THE MATTER OF  
CIBC WORLD MARKETS INC.,  
MERRILL LYNCH CANADA INC.,  
RBC DOMINION SECURITIES INC.,  
BMO NESBITT BURNS INC.,  
NATIONAL BANK FINANCIAL INC. AND  
TD SECURITIES INC.  
AND GEORGE WESTON LIMITED  
AND CONNORS BROS. INCOME FUND**

**MRRS DECISION DOCUMENT**

**WHEREAS** the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Newfoundland, Ontario and Quebec (the "Jurisdictions") has received an application from CIBC World Markets Inc. on its own behalf and on behalf of Merrill Lynch Canada Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc. and TD Securities Inc. (collectively, the "Underwriters") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation that restrict a registrant from acting as an underwriter in connection with a distribution of securities of a connected issuer (or the equivalent) or a related issuer (or the equivalent) of the registrant by means of a prospectus, unless a specified portion of the distribution is underwritten by an independent underwriter (the "Independent Underwriter Requirement"), shall

not apply to the Underwriters in connection with the proposed distribution of trust units (the "Units") of Connors Bros. Income Fund (the "Issuer") to be made by way of a long form prospectus (the "Offering");

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

**AND WHEREAS** the Underwriters have represented to the Decision Makers that:

1. The Issuer is a limited purpose trust created under the laws of the Province of Ontario pursuant to a declaration of trust dated September 24, 2001.
2. The Issuer is not a reporting issuer under the securities laws of any jurisdiction and, to date, none of its securities have been offered to the public.
3. The Issuer has filed with the securities regulatory authority in each of the provinces and territories of Canada a preliminary long form prospectus dated September 26, 2001 (the "Preliminary Prospectus").
4. The Issuer will enter into an underwriting agreement (the "Underwriting Agreement") among the Issuer, George Weston Limited ("Weston"), the promoter of the Offering, and each of the Underwriters prior to filing a final long form prospectus (the "Prospectus") in respect of the Offering. Following execution of the Underwriting Agreement, the Issuer proposes to file the Prospectus with the securities regulatory authority in each of the provinces and territories of Canada and to obtain a receipt therefor in order to qualify the Units for distribution in those jurisdictions.
5. The Underwriting Agreement will provide, among other things, for the payment of a commission to the Underwriters equal to a fixed percentage of the gross proceeds of the Offering. The commission will be paid on a pro rata basis to the Underwriters based upon the amount of Units that the Underwriters have each agreed to undertake to sell on behalf of the Issuer. The Underwriters will not benefit in any manner from the Offering other than from the payment of these commissions.
6. The proportion of the Offering to be underwritten on behalf of the Issuer by the Underwriters pursuant to the Underwriting Agreement will be as follows:

CIBC World Markets Inc. ("CIBCWM")	30%
Merrill Lynch Canada Inc. ("Merrill")	20%
RBC Dominion Securities Inc. ("RBCDS")	20%
BMO Nesbitt Burns Inc. ("BMONB")	10%
National Bank Financial Inc. ("NBF")	10%
TD Securities Inc. ("TDSI")	10%
7. A portion of the net proceeds of the Offering will be used by the Issuer to acquire from Weston Foods Inc. ("Weston Foods"), directly or indirectly, all of the outstanding common shares and indebtedness of Connors Bros., Limited and its subsidiaries and



- affiliates that carry on the Connors canned seafood business, all as described in the Preliminary Prospectus.
8. Weston Foods is a wholly-owned subsidiary of Weston, the promoter of the Offering. The common shares of Weston are listed on The Toronto Stock Exchange, and Weston has a market capitalization of approximately \$13 billion. Weston is a reporting issuer under the Legislation, and is not in default of any requirements of the Legislation.
  9. Weston carries on business primarily in Canada and the United States directly and indirectly through its subsidiaries and through its food processing and food distribution operating segments. Weston's consolidated net sales for its fiscal year ended December 31, 2000 amounted to \$22.3 billion and its consolidated net earnings for that period were \$481 million. As at December 31, 2000, the consolidated assets of Weston were \$11.4 billion and its shareholders' equity was \$2.9 billion.
  10. Weston has entered into a credit facility agreement dated July 25, 2001 with a syndicate of financial institutions which includes Canadian Imperial Bank of Commerce ("CIBC"), Merrill Lynch Capital Canada Inc. ("ML Capital"), Royal Bank of Canada ("Royal"), Bank of Montreal ("BMO"), National Bank of Canada ("NBC") and Toronto-Dominion Bank ("TD") (collectively, the "Lenders"), for a credit facility of approximately \$2.2 billion and US\$400 million maturing in three portions on April 25, July 25 and October 25, 2002 (the "Credit Facility"). The Credit Facility provides for advances for Weston's acquisition of the stock of Bestfoods Baking Co., Inc. ("Bestfoods Baking") and certain trademarks used in the business of Bestfoods Baking for a purchase price of U.S.\$1.765 billion and for the payment of costs, fees and other expenses incurred by Weston in connection with this purchase. In addition, the Credit Facility provides for a revolving 364-day operating line facility of \$312.7 million maturing July 25, 2002 and subject to renewal at that date. Pursuant to the Credit Facility, the commitments of CIBC, ML Capital, Royal, BMO, NBC and TD are \$163 million and US\$30.5 million, \$139.5 million and US\$25.5 million, \$139.5 million and US\$25.5 million, \$139.5 million and US\$25.5 million, \$139.5 million and US\$25.5 million and \$139.5 million and US\$25.5 million, respectively, being a total commitment of \$860.5 million and US\$158 million on the part of the Lenders, collectively. There is no security for the indebtedness under the Credit Facility; there are, however, guarantees provided by two wholly-owned subsidiaries of Weston. In addition to a proportionate participation in the operating line facility under the Credit Facility, the Lenders have provided additional credit lines in a total amount of approximately \$125 million to Weston.
  11. As at August 31, 2001, Weston had borrowings of approximately \$2.173 billion and US\$400 million outstanding under the Credit Facility, of which approximately \$834 million and US\$159 million was owed to the Lenders, each of which is affiliated with one of the Underwriters. Weston is in compliance with the terms of the Credit Facility and is not in financial difficulty.
  12. CIBCWM is a wholly-owned subsidiary of CIBC, Merrill is an affiliate of ML Capital, RBCDS is a wholly-owned subsidiary of Royal, BMONB is a wholly-owned subsidiary of an indirect majority-owned subsidiary of BMO, NBF is a wholly-owned indirect subsidiary of NBC and TDSI is a wholly-owned subsidiary of TD.
  13. Pursuant to the terms of the Credit Facility, the proceeds realized by Weston from the sale of the Connors canned seafood business, as described in paragraph 7, are required to be applied against repayment of advances made under the Credit Facility, including the advances made by the Lenders, on a pro rata basis.
  14. The Issuer has entered into a commitment letter with CIBC providing for a senior credit facility in the amount of approximately \$40 million which will provide the Issuer with (i) approximately \$30 million available to pay for certain planned non-recurring capital expenditures, and (ii) a \$10 million revolving credit facility for operating purposes, both of which will be undrawn at the closing of the Offering.
  15. The Issuer is not, in connection with the Offering, a "related issuer" (or equivalent) of any of the Underwriters for the purposes of the Legislation, for purposes of the 1998 draft Multi-Jurisdictional Instrument 33-105 Underwriting Conflicts (the "1998 Proposed Instrument"), or for purposes of the Proposed Multi-Jurisdictional Instrument 33-105 as published June 21, 2001 (the "2001 Proposed Instrument").
  16. By virtue of the relationships between the Lenders, Weston, the Issuer, and the Underwriters, the Issuer may, in connection with the Offering, be considered a "connected issuer" (or equivalent) of each of the Underwriters for the purposes of the Legislation.
  17. The Preliminary Prospectus and the Prospectus will contain a certificate signed by each Underwriter in accordance with the Legislation.
  18. The decision to undertake the Offering, including the determination of the terms of the distribution, was made through negotiation between the Issuer, Connors Bros., Limited, Weston and CIBCWM, on its own behalf and on behalf of the other Underwriters, without the involvement of the Lenders.
  19. The Underwriters, in connection with the Offering, will not be in compliance with the Independent Underwriter Requirement.
  20. The Preliminary Prospectus and the Prospectus will contain such disclosure concerning the nature of the relationship among the Issuer, Weston, the Underwriters and the Lenders as would be required under Appendix "C" of the 1998 Proposed Instrument.
  21. Neither the Issuer nor Weston is in financial difficulty.

22. Neither the Issuer nor Weston is a "specified party" as that term is defined in the 1998 Proposed Instrument.

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

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

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the Underwriters shall be exempted from the Independent Underwriter Requirement contained in the Legislation in respect of the Offering, provided that:

- (a) at the time of the Offering, the Issuer is not a "specified party" as that term is defined in the 1998 Proposed Instrument, and the Issuer is not a "related issuer" of an Underwriter as that term is defined in the 1998 Proposed Instrument; and
- (b) the Prospectus relating to the Offering contains disclosure of the relationship between the Issuer, Weston, the Underwriters and the Lenders as would be required under Appendix "C" of the 1998 Proposed Instrument.

DATED October 26, 2001.

"J.A. Geller"

"K.D. Adams"

## 2.1.8 Phillips, Hager & North Investment Management Ltd. - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief granted from the requirement to file an application and prescribed fees to the Mutual Fund Dealers Association of Canada by the mandated deadline, subject to certain conditions - Variation of a previous decision in order to give the registrant additional time to complete a reorganization of its mutual fund operations.

### Applicable Ontario Rule

Rule 31-506 SRO Membership - Mutual Fund Dealers

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

AND

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

AND

**IN THE MATTER OF  
PHILLIPS, HAGER & NORTH INVESTMENT  
MANAGEMENT LTD.**

### MRRS DECISION DOCUMENT

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Saskatchewan and Ontario (the "Jurisdictions") has received an application from Phillips, Hager & North Investment Management Ltd. ("PH&N") for a decision under the securities legislation of the Jurisdictions (the "Legislation") varying the decision of the Decision Makers entitled In the Matter of Phillips, Hager & North Investment Management Ltd. dated June 4, 2001 and effective May 23, 2001 (the "Previous Decision");

**AND WHEREAS** the terms "MFDA", "MFDA Application Deadline", "Dealerco" and "Reorganization" 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** PH&N has represented to the Decision Makers that:

1. the Previous Decision provided that the requirement to apply to become a member of the MFDA before the MFDA Application Deadline did not apply to PH&N provided that, prior to October 10, 2001, PH&N either:

- (a) applied for membership in the MFDA, or
  - (b) with respect to each of the Jurisdictions, either:
    - (i) surrendered its registration as a mutual fund dealer in the Jurisdiction, or
    - (ii) applied for an obtained a permanent exemption from the requirement to become a member of the MFDA from the Decision Maker in the Jurisdiction;
2. Dealerco filed an application for registration as a mutual fund dealer in every province and territory in Canada and applied for membership in the MFDA on August 27, 2001; to date, Dealerco has been granted registration as a mutual fund dealer (or its equivalent) in the Yukon Territory only, the remaining applications for registration are still under review;
  3. PH&N filed an application for a permanent exemption from the requirement to join the MFDA with the Decision Maker in Ontario;
  4. after the Reorganization is complete, PH&N intends to surrender its mutual fund dealer registration in each of the Jurisdictions other than Ontario;
  5. PH&N cannot effect the Reorganization and therefore surrender its mutual fund dealer registration until Dealerco has been registered as a mutual fund dealer in each of the Jurisdictions, therefore PH&N will not be able to comply with the conditions of the Previous Decision by October 10, 2001;

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

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

**THE DECISION** of the Decision Makers under the Legislation is that the Previous Decision be varied by deleting the reference to October 10, 2001 and replacing it with January 1, 2002.

October 10, 2001.

"Gerry Halischuk"

**2.1.9 Cubix Investments Ltd., Cubix Acquisitionco Inc., and Ultra Holdings Inc. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - relief from registration and prospectus requirements in connection with an arrangement where exemptions not available for technical reasons. First trade deemed a distribution unless resulting company a reporting issuer for 12 months preceding trade.

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c.S.5 as am., 25, 35(1)14., 35(1)15., 53, 72(1)(h), 72(1)(i), 74(1).

**Applicable Ontario Rules**

Rule 45-501 - Exempt Distributions (1998) 21 O.S.C.B. 6548 - 2.10.

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

**AND**

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

**AND**

**IN THE MATTER OF CUBIX INVESTMENTS LTD.,  
CUBIX ACQUISITIONCO INC. AND  
ULTRA HOLDINGS INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Newfoundland, Nova Scotia, New Brunswick, Prince Edward Island, Northwest Territories, Yukon Territory and Nunavut Territories (the "Jurisdictions") has received an application from Cubix Investments Ltd. ("Cubix") and Cubix Acquisitionco Inc. ("Acquisitionco") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements under the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and to obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirement") shall not apply to certain trades and distributions of securities to be made in connection with the proposed acquisition (the "Transaction") by Acquisitionco of all of the issued and outstanding shares of Ultra Holdings Inc. ("UHL") pursuant, in part, to a plan of

arrangement (the "Arrangement") under Section 252 of the British Columbia *Company Act* (the "BCCA");

AND WHEREAS pursuant to 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 Cubix and Acquisitionco have represented to the Decision Makers that:

1. Cubix is a company originally incorporated under the laws of British Columbia and continued under the laws of Bermuda;
2. Cubix is a reporting issuer in the provinces of British Columbia and Alberta;
3. Cubix's principal business activity is the holding of investment interests; as at August 24, 2001, Cubix owned approximately 16.48% of all outstanding common shares (the "UHL Shares") in the capital of UHL; Cubix proposes to transfer such UHL Shares to Acquisitionco prior to the Arrangement;
4. the authorized share capital of Cubix is U.S. \$500,000 divided into 500,000,000 common shares of U.S. \$0.001 per share; as at August 24, 2001 there were 37,349,991 common shares of Cubix outstanding;
5. Cubix's common shares are listed for trading on the Canadian Venture Exchange (the "CDNX");
6. Acquisitionco was incorporated under the laws of British Columbia on July 3, 2001; Acquisitionco was incorporated to participate in the Transaction; Acquisitionco will be amalgamated with UHL upon completion of the Arrangement (the amalgamated entity being referred to herein as "Amalco");
7. the authorized capital of Acquisitionco consists of 110,000,000 shares divided into 10,000,000 common shares without par value and 100,000,000 preferred shares without par value; as at August 24, 2001, there were 100 common shares of Acquisitionco outstanding and owned by Cubix;
8. Acquisitionco is not a reporting issuer in any of the Jurisdictions;
9. UHL is a company incorporated under the laws of British Columbia; UHL maintains its head office at 11th Floor, 609 West Hastings Street, Vancouver, British Columbia, V6B 4W4;
10. the primary asset of UHL is an investment position in Ultra Petroleum Corp. ("UPC"); UHL currently owns approximately 18% of the outstanding common shares (the "UPC Shares") in the capital of UPC;
11. the authorized capital of UHL consists of 500,000,000 common shares without par value and 100,000,000 preferred shares without par value; as of the date hereof, there were 12,764,053 UHL Shares and 1,025,000 warrants to purchase UHL Shares ("UHL Warrants") outstanding;
12. UHL has been a reporting issuer in the provinces of British Columbia and Alberta since November 1999; the UHL Shares are listed for trading on the CDNX;
13. UPC is a company continued under the laws of the Yukon Territory; UPC maintains its principal business office at Suite 370, 16801 Greenspoint Park Drive, Houston, Texas, 77060;
14. UPC's principal business activity is the exploration and development of oil and gas properties;
15. UPC is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia and Prince Edward Island; the UPC Shares are listed for trading on the Toronto Stock Exchange and the American Stock Exchange;
16. the outstanding UHL Warrants are held by two private companies, one as to 550,000 UHL Warrants, the other as to 475,000 UHL Warrants; the holders of the UHL Warrants also hold UHL Shares and were entitled to vote at the Meeting (as defined below) in their capacity as shareholders;
17. Acquisitionco has entered into agreements with the holders of the UHL Warrants under which they will exchange their UHL Warrants for a combination of cash (or a promissory note from Acquisitionco) and an exchangeable note (a "Warrant Note") of Acquisitionco; Acquisitionco will thereafter exercise the outstanding UHL Warrants to acquire UHL Shares;
18. the second step of the Transaction will be effected by way of the Arrangement, which will require the approval of the Supreme Court of British Columbia (the "Court") and the approval of the holders of three-quarters of the UHL Shares either present in person or voting by proxy at an extraordinary general meeting (the "Meeting") called for that purpose, held on October 2, 2001;
19. the management proxy circular (the "Circular") mailed to UHL shareholders on September 5, 2001 in respect of the Meeting contains, among other things, prospectus level disclosure of the business and affairs of Acquisitionco and such other information regarding Cubix, UHL and the Transaction, as is required by the Legislation;
20. upon the Arrangement becoming effective, each outstanding UHL Share other than those already held by Acquisitionco will be exchanged for a combination of cash and an exchangeable note of Acquisitionco in the principal amount of \$4.00 (an "Exchangeable Note") with the result that, upon the completion of the Arrangement, all of the issued and outstanding UHL Shares will be held by Acquisitionco;
21. under the Arrangement, Acquisitionco and UHL will amalgamate to form Amalco;

22. upon completion of the Arrangement, the Warrant Notes will be automatically exchanged for Exchangeable Notes on a one-for-one basis;
23. after completion of the Arrangement, Amalco will sell to Cubix all of the UPC Shares formerly held by UHL, and Cubix will agree to transfer back to Amalco that number of UPC Shares required by Amalco to meet its obligations under the Exchangeable Notes and the trust indenture (the "Note Indenture") governing the Exchangeable Notes;
24. the Exchangeable Notes will be issued in denominations of \$4.00 and integral multiples thereof; each \$4.00 principal amount of an Exchangeable Note will be exchangeable by the holder thereof for one-half of a freely-tradeable UPC Share, as adjusted in accordance with the Note Indenture, or cash, at the option of Amalco, at any time after the date which is 45 days after completion of the Arrangement to and including the maturity date of the Exchangeable Note; the Exchangeable Notes will also be required to be exchanged upon the occurrence of certain events, as more fully described below;
25. on the maturity date of each Exchangeable Note, each \$4.00 principal amount of Exchangeable Notes will be satisfied by Amalco by delivery of one-half of a freely tradeable UPC Share, as adjusted in accordance with the Note Indenture, or cash, at the option of Amalco;
26. at the option of Amalco, at any time on or after the date which is 45 days after completion of the Arrangement, Amalco may redeem the Exchangeable Notes upon delivery by Amalco to a holder of Exchangeable Notes, for each \$4.00 principal amount of Exchangeable Notes to be redeemed, one-half of a freely tradeable UPC Share, as adjusted in accordance with the Note Indenture, or cash, at the option of Amalco;
27. the Exchangeable Notes will not be listed for trading on the CDNX, and there is no market for the Exchangeable Notes;
28. the steps under the Transaction, including the acquisition by Acquisitionco of the UHL Warrants, the issuance of the Warrant Notes, the exchange of Warrant Notes for Exchangeable Notes, the transfers of UPC Shares between Amalco and Cubix and the delivery of UPC Shares in exchange for the Exchangeable Notes involve or may involve a number of trades of securities (collectively, the "Trades") and there may be no registration or prospectus exemptions available under the Legislation for certain of the Trades;

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

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

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

1. the Registration Requirement and the Prospectus Requirement shall not apply to the Trades; and
2. the first trade of Exchangeable Notes delivered to the holders of the UHL Warrants and UHL Shares in connection with the Transaction shall be deemed to be a distribution or a primary distribution to the public under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation") unless:
  - (a) in those Jurisdictions in which Amalco will become a reporting issuer or the equivalent under the Applicable Legislation upon completion of the Arrangement:
    - (i) at the time of the first trade, Amalco is a reporting issuer or the equivalent under the Applicable Legislation;
    - (ii) if the seller of the securities is an insider or officer of Amalco, the seller has no reasonable grounds to believe that Amalco is in default of any requirements of the Applicable Legislation;
    - (iii) except in Québec, the first trade is not from the holdings of a person or company who holds a sufficient number of the voting rights attached to all outstanding voting securities of Amalco to affect materially the control of Amalco, or each person or company in a combination of persons or companies, acting in concert by virtue of an agreement, arrangement, commitment or understanding, which holds in total a sufficient number of the voting rights attached to all outstanding voting securities of Amalco to affect materially the control of Amalco, and, if a person or company or combination of persons or companies holds more than 20% of the voting rights attached to all outstanding voting securities of Amalco, the person or company or combination of persons or companies is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of Amalco;
    - (iv) no unusual effort is made to prepare the market or create a demand for the Exchangeable Notes; and
    - (v) no extraordinary commission or other consideration is paid in respect of the trade; and
  - (b) in those Jurisdictions in which Amalco will not become a reporting issuer or the equivalent under the Applicable Legislation upon completion of the Arrangement:

- (i) at the time of the first trade, Amalco has been a reporting issuer or the equivalent under the Applicable Legislation for the 12 months immediately preceding the trade;
- (ii) if the seller of the securities is an insider or officer of Amalco, the seller has no reasonable grounds to believe that Amalco is in default of any requirements of the Applicable Legislation;
- (iii) except in Québec, the first trade is not from the holdings of a person or company who holds a sufficient number of the voting rights attached to all outstanding voting securities of Amalco to affect materially the control of Amalco, or each person or company in a combination of persons or companies, acting in concert by virtue of an agreement, arrangement, commitment or understanding, which holds in total a sufficient number of the voting rights attached to all outstanding voting securities of Amalco to affect materially the control of Amalco, and, if a person or company or combination of persons or companies holds more than 20% of the voting rights attached to all outstanding voting securities of Amalco, the person or company or combination of persons or companies is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of Amalco;
- (iv) no unusual effort is made to prepare the market or create a demand for the Exchangeable Notes; and
- (v) no extraordinary commission or other consideration is paid in respect of the trade.

October 19, 2001.

"Brenda Leong"

**2.1.10 OSC Rule 31-506 - Marlow Group Private Portfolio Management Inc.**

**Headnote**

Section 5.1 of Rule 31-506 SRO Membership - Mutual Fund Dealers - mutual fund dealer exempted, subject to a condition, from the requirements of the Rule that it file an application and prescribed fees with the Mutual Fund Dealers Association of Canada - mutual fund dealer is reorganizing its activities and intends to surrender its mutual fund dealer registration.

**Statute Cited**

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

**Rule Cited**

Rule 31-506 SRO Membership - Mutual Fund Dealers, ss. 2.1, 3.1, 5.1

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

**AND**

**IN THE MATTER OF  
ONTARIO SECURITIES COMMISSION RULE 31-506  
SRO MEMBERSHIP- MUTUAL FUND DEALERS**

**AND**

**IN THE MATTER OF  
MARLOW GROUP PRIVATE PORTFOLIO  
MANAGEMENT INC.**

**DECISION  
(Section 5.1)**

**UPON** the application (the "Application") of Marlow Group Private Portfolio Management Inc. ("Marlow") to the Director (the "Director") of the Ontario Securities Commission (the "Commission") for a decision pursuant to section 5.1 of Ontario Securities Commission Rule 31-506 SRO Membership - Mutual Fund Dealers (the "Rule") granting relief from section 3.1 of the Rule requiring Marlow to prepare and submit an application for membership with the Mutual Fund Dealers Association of Canada (the "MFDA") no later than the thirtieth day after the effective date of the Rule;

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

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

1. Marlow is a corporation established under the laws of the Province of Ontario;
2. Marlow is registered as a mutual fund dealer and limited market dealer and as an adviser in the categories of "investment counsel" and "portfolio

- manager" under the *Securities Act* (Ontario) (the "Act") and this application is not being made in any other jurisdiction;
3. Marlow relies upon its mutual fund dealer registration to trade in third party mutual fund securities on behalf of its fully-managed accounts;
  4. Marlow has undertaken a corporate reorganization; a new company ("Newco") was incorporated on June 21, 2001;
  5. Newco will use its best efforts to apply to the Commission for registration as an investment dealer by October 19, 2001 and will apply for membership in the Investment Dealers Association of Canada on the same date;
  6. as soon as Newco obtains registration as an investment dealer from the Commission, Marlow will surrender its mutual fund dealer registration and transfer to Newco all assets and obligations with regard to the dealer business currently carried on by Marlow;
  7. Marlow will make its best efforts to surrender its registration as a mutual fund dealer by March 1, 2002;
  8. the MFDA was recognized as a self-regulatory organization (an "SRO") by the Commission on February 6, 2001; the Rule requires all mutual fund dealers to become members of the MFDA;
  9. pursuant to section 3.1 of the Rule, all mutual fund dealers must prepare and submit to the MFDA, an application for membership in the form prescribed by the MFDA, together with the MFDA's prescribed fees no later than the thirtieth day after the date the Rule comes into force; the Rule came into force on April 23, 2001; applications for membership were therefore required to be submitted to the MFDA by May 23, 2001 (the "MFDA Application Deadline");
  10. pursuant to section 2.1 of the Rule, all mutual fund dealers must become members of the MFDA by July 2, 2002 (the "MFDA Membership Deadline");
  11. the Rule requires Marlow to prepare and submit an application for membership to the MFDA, together with the MFDA's prescribed fees, by the MFDA Application Deadline, even though Marlow intends to cease to be a mutual fund dealer, as a result of the reorganization, prior to the MFDA Membership Deadline;
  12. the requirement for Marlow to prepare and submit an application for membership to the MFDA, together with the MFDA's prescribed fees by the MFDA Application Deadline will result in a duplication of applications and fees which would prove to be both time consuming and costly for both Marlow and Newco;

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

**NOW THEREFORE** pursuant to section 5.1 of the Rule, the Director hereby exempts, effective May 23, 2001, Marlow

from section 3.1 of the Rule to the extent that section 3.1 requires Marlow to prepare and submit to the MFDA, an application for membership, together with the MFDA's prescribed fees by the MFDA Application Deadline;

**PROVIDED THAT:**

- (A) no later than March 1, 2002, Marlow files with the Commission:
  - (i) a consent to the suspension of its registration as a mutual fund dealer pursuant to Ontario Securities Commission Rule 33-501 Surrender of Registration, and
  - (ii) a request to surrender its registration as mutual fund dealer.

October 15, 2001.

"Rebecca Cowdery"

**2.1.11 Provident Energy Ltd. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - corporation deemed to have ceased to be a reporting issuer when all of its issued and outstanding securities were acquired by another issuer.

**Applicable Alberta Statutory Provisions**

Securities Act, S.A., 1981, c.S-6.1, as amended, s. 125

**IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF ALBERTA, SASKATCHEWAN,  
ONTARIO AND QUÉBEC**

**AND**

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

**AND**

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

**MRRS DECISION DOCUMENT**

1. **WHEREAS** the local securities authority or regulator (the "Decision Maker") in Alberta, Saskatchewan, Ontario and Québec (the "Jurisdictions") has received an application from Provident Energy Ltd. ("Provident") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Provident be deemed to have ceased to be a reporting issuer under the Legislation.
2. **AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Alberta Securities Commission is the principal regulator for this application;
3. **AND WHEREAS** Provident has represented to the Decision Makers that:
  - 3.1 Provident was incorporated under the *Business Corporations Act* (Alberta) on January 17, 2001;
  - 3.2 Provident's head office is located in Calgary, Alberta;
  - 3.3 Provident is a reporting issuer in the Jurisdictions and became a reporting issuer in Alberta by amalgamating with Founders Energy Ltd. ("Founders") on March 6, 2001;
  - 3.4 Provident is not in default of any of the requirements of the Legislation;

- 3.5 the authorized capital of Provident consists of an unlimited number of common shares (the "Common Shares") and an unlimited number of preferred shares (the "Preferred Shares") of which there is 1 of the Common Shares outstanding and no Preferred Shares outstanding;
- 3.6 effective March 6, 2001, Founders, Provident Energy Trust (the "Trust") and Provident were reorganized by an arrangement (the "Arrangement") under section 186 of the *Business Corporations Act* (Alberta);
- 3.7 under the terms of the Arrangement:
  - 3.7.1 all outstanding Founders common shares were exchanged for unsecured subordinated Provident notes (the "Notes");
  - 3.7.2 all of the Notes were exchanged for units in the Trust (the "Trust Units"); and
  - 3.7.3 Founders and Provident were amalgamated and continued as Provident;
- 3.8 the Trust is a reporting issuer in the Jurisdictions and the Trust Units are listed on The Toronto Stock Exchange;
- 3.9 the Trust now holds the Common Share and the Notes;
- 3.10 the Common Shares were delisted from The Toronto Stock Exchange at the close of trading on March 9, 2001, and no securities of Provident are listed or quoted on any exchange or market;
- 3.11 other than the Common Share, the Notes and a \$75 million fixed and floating charge debenture as security to a Canadian chartered bank in connection with Provident's current credit facility, Provident has no securities, including debt securities, outstanding; and
- 3.12 Provident does not intend to seek public financing by way of an offering of its securities;
4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
6. **THE DECISION** of the Decision Makers, under the Legislation, is that Provident is deemed to have ceased to be a reporting issuer under the Legislation.

May 15, 2001.

"Patricia M. Johnston"



2.2 Orders

2.2.1 Sohan Singh Koonar et al. - s. 127

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

AND

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.

ORDER  
(Section 127)

WHEREAS this proceeding was commenced by a Notice of Hearing and related Statement of Allegations dated June 18, 2001;

AND WHEREAS the Respondents retained Blake, Cassels & Graydon LLP on October 5, 2001 to act on behalf of the Respondents;

AND WHEREAS the Respondents have requested that this matter be adjourned to November 14, 2001;

AND WHEREAS Staff of the Commission consents to the Respondents' request for an adjournment;

AND WHEREAS the Commission considers it to be in the public interest to make this order;

IT IS ORDERED THAT this matter be adjourned to November 14, 2001 at 2:00 p.m., or as soon thereafter as a panel may be constituted.

October 23, 2001

"Paul Moore"

2.2.2 Davis-Rea Ltd. and International Hospitality  
- s. 144

Headnote

Partial revocation of cease trade order pursuant to section 144 of the Act granted to permit trades solely for the purpose of establishing a tax loss for income tax purposes, in accordance with OSC Policy 57-602.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 6(3), 127 and 144.

Policies Cited

OSC Policy 57-602.

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

AND

IN THE MATTER OF  
DAVIS-REA LTD.

AND

INTERNATIONAL HOSPITALITY INC.

ORDER  
(Section 144)

WHEREAS the securities of International Hospitality Inc. are subject to an order of the Ontario Securities Commission (the "Commission") dated June 23, 2000 (the "Cease Trade Order") pursuant to section 127 of the Act, extending a temporary order of the Commission dated June 12, 2000, made under section 127 of the Act, ordering that trading in securities of International Hospitality Inc. cease;

AND WHEREAS Davis-Rea Ltd. ("Davis-Rea") has made an application to the Commission pursuant to section 144 of the Act (the "Application") for an order varying the Cease Trade Order in order to allow for the disposition by Davis-Rea, as portfolio manager for accounts managed by it, of 497,215 common shares and warrants to purchase 12,500 common shares of International Hospitality Inc. (the "Securities") for the purpose of establishing a tax loss;

AND WHEREAS Ontario Securities Commission Policy 57-602 provides that the Commission is prepared to vary an outstanding cease trade order to permit the disposition of securities subject to the cease trade order for the purpose of establishing a tax loss where the Commission is satisfied that the disposition is being made, so far as the securityholder is concerned, solely for the purpose of that securityholder establishing a tax loss and provided that the securityholder provides the purchaser with a copy of the cease trade order and the variation order;

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

AND UPON Davis-Rea having represented to the Commission that:

- (i) Davis-Rea acquired the Securities on behalf of three (3) clients prior to the issuance of the Cease Trade Order;
- (ii) Davis-Rea will effect the proposed disposition of the Securities (the "Disposition") solely for the purpose of enabling the three (3) beneficial owners of the Securities to establish a tax loss in respect of such Disposition;
- (iii) Davis-Rea has provided the purchaser Robert G. Ahar (the "Purchaser") with a copy of the Cease Trade Order and will provide the Purchaser with a copy of this Order; and
- (iv) the Purchaser has agreed to purchase the Securities as principal for an aggregate purchase price of \$3.00.

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

IT IS ORDERED pursuant to section 144 of the Act that the Cease Trade Order be and is hereby varied in order to permit the Disposition.

October 23, 2001.

"Margo Paul"

## 2.2.3 Solectron Corporation et al. - s. 3.1

### Headnote

Rule 54-501 - 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; relief from requirement to include financial statements of Canadian Exchangeco in information circular.

### Ontario Rule Cited

Rule 54-501, Prospectus Disclosure in Certain Information Circulars, ss.2.1, s. 3.1.

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

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

AND

IN THE MATTER OF  
SOLECTRON CORPORATION,  
SOLECTRON GLOBAL SERVICES CANADA INC.,

AND

IN THE MATTER OF  
C-MAC INDUSTRIES INC.

ORDER  
(SECTION 3.1 OF RULE 54-501)

WHEREAS Solectron Corporation ("Solectron"), Solectron Global Services Canada Inc. ("Exchangeco") and C-MAC Industries Inc. ("C-MAC", together with Solectron and Exchangeco, the "Applicant") have applied to the Director (the "Director") of the Ontario Securities Commission (the "Commission") for an exemption from the following requirements of section 2.1(1) of Rule 54-501 Prospectus Disclosure in Certain Information Circulars ("Rule 54-501") as they would otherwise relate to the information circular (the "Circular") to be delivered by C-MAC to its securityholders in connection with a combination of the businesses of Solectron and C-MAC pursuant to the terms of a combination agreement (the "Combination Agreement") dated as of August 8, 2001 between Solectron, 3924548 Canada Inc. and C-MAC, as amended September 7, 2001, to be effected by a plan of arrangement (the "Transaction") pursuant to Section 192 of the Canada Business Corporations Act (the "CBCA");

- (a) the requirement set forth in Section 9.1 of Rule 41-501 and Item 8.4 of Form 41-501F1 that historical and pro forma financial statements of Solectron prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") be accompanied by a supplementary 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 9.4 of Rule 41-501 that the Solectron 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;
- (c) the requirement of Section 8.5(2) of Form 41-501F1 that the Solectron MD&A provide a restatement of those parts of the Solectron MD&A that would read differently if the Solectron 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 Solectron 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
- (d) the requirement of Section 2.1(1) of Rule 54-501 that the Circular include the financial statements of Exchangeco that would be required in a prospectus if the Circular were a prospectus of Exchangeco;

AND WHEREAS the Applicant has represented to the Director that:

***The Transaction and the Mechanics of the Arrangement***

- 1. The Transaction is proposed to be effected by way of an arrangement (the "Arrangement") under Section 192 of the CBCA involving C-MAC, holders of common shares of C-MAC ("C-MAC Common Shares"), holders of options to purchase C-MAC Common Shares (the "C-MAC Options"), holding companies, if any, and Exchangeco.
- 2. Pursuant to the Arrangement, Exchangeco will acquire all of the outstanding C-MAC Common Shares (other than those of dissenting C-MAC shareholders who ultimately acquire the fair value of their C-MAC Common Shares and those held by Solectron and its affiliates), and the shareholders of such C-MAC Common Shares will receive from Exchangeco for each C-MAC Common Share held either (i) 1.755 shares of Solectron common stock with an associated right pursuant to a preferred stock rights agreement dated as of June 29, 2001 between Solectron and Fleet National Bank (a "Solectron Right") attaching to such common stock (collectively, the "Solectron Common Shares"), (ii) in the case of C-MAC shareholders who are (or hold C-MAC Common Shares on behalf of) a person who is resident in Canada for Canadian federal income tax purposes validly so electing, 1.755 exchangeable non-voting shares of Exchangeco with an associated right pursuant to a stockholders rights agreement that is to be adopted by Exchangeco (the "Exchangeable Share Right") attaching to such share (collectively, the "Exchangeable Shares"), or (iii) in the case of Canadian resident (or persons who hold C-MAC Common Shares on behalf of Canadian residents) validly so electing, a combination of Solectron Common Shares and Exchangeable Shares plus certain ancillary rights related thereto. C-MAC shareholders who are not eligible to receive Exchangeable Shares or who are so eligible but do not validly elect to receive Exchangeable Shares will receive 1.755 Solectron Common Shares for each C-MAC Common Share they own.
- 3. Persons owning C-MAC Common Shares through a holding company at the time of the Transaction and meeting certain conditions may participate in the Transaction by having Exchangeco acquire all of the shares of their holding company instead of the C-MAC Common Shares held by such holding company, in exchange for the same consideration otherwise receivable for such C-MAC Common Shares.
- 4. Each C-MAC Option will be exchanged for an option to purchase a number of Solectron Common Shares equal to the product of 1.755 (the exchange ratio) multiplied by the number of C-MAC Common Shares subject to such C-MAC Option (a "Replacement Option"). The Replacement Option will provide for an exercise price per Solectron Common Share equal to the exercise price per share of such C-MAC Option immediately prior to the effective time of the Arrangement divided by 1.755 (the exchange ratio).
- 5. No fractional Exchangeable Shares or fractional Solectron Common Shares will be delivered in exchange for C-MAC Common Shares. In lieu of fractional shares, cash will be paid to holders of C-MAC Common Shares who are to receive Exchangeable Shares or Solectron Common Shares from the proceeds of the sale of all such fractional Exchangeable Shares or fractional Solectron Common Shares.
- 6. It is anticipated that the Exchangeable Shares will be listed on The Toronto Stock Exchange (the "TSE"). The Exchangeable Shares are being listed in substitution for the C-MAC Common Shares which will be delisted on or after the completion of the Transaction (the "Effective Date") which is expected to take place during the fourth calendar quarter of 2001. There is no current intention to list the Exchangeable Shares on any other stock exchange. Solectron will apply to the New York Stock Exchange ("NYSE") to quote the Solectron Common Shares issued pursuant to the Arrangement or issuable from time to time in exchange for the Exchangeable Shares or upon the exercise of the Replacement Options.
- 7. Each Exchangeable Share will be exchangeable by the holder, at any time, for one Solectron Common Share. The attributes of the Exchangeable Shares (together with certain ancillary rights) will provide a holder thereof with a security of a Canadian issuer having economic and voting rights which will be substantially economically equivalent to those of the Solectron Common Shares.
- 8. C-MAC expects to apply to the Superior Court (Québec) for an interim order (the "Interim Order") which will require that the Arrangement be approved by 66 2/3% of the votes of the holders of the C-MAC Common Shares and C-MAC Options, voting together as a class. The Interim Order is also expected to provide for the calling and holding of a special meeting of the holders

of the C-MAC Common Shares and C-MAC Options, voting together as a class, to consider the Arrangement.

**Solectron**

9. Solectron provides electronics manufacturing services to original equipment manufacturers who design and sell networking equipment, mobile and land based telecommunications equipment, computing equipment, including workstations, notebooks, desktops and other electronic equipment.
10. Solectron was incorporated in 1977 and became a Delaware corporation in February, 1997. Solectron's principal corporate offices are located at 777 Gibraltar Drive, Milpitas, California 95035.
11. Solectron is currently subject to the informational requirements of the United States Securities Exchange Act of 1934, as amended and is not a "reporting issuer" under the Act or under the securities legislation of any other province or territory of Canada.
12. Solectron's authorized capital consists of 1,600,000,000 Common Shares and 1,200,000 shares of preferred stock of which 200,000 shares have been designated Series A Participating Preferred Stock. The Solectron Common Shares are fully participating voting shares. As of August 2, 2001, there were 656,934,306 Common Shares of Solectron outstanding. As part of the Transaction, Solectron will issue one special voting share to a trust company which will be appointed as trustee under a Voting and Exchange Trust Agreement.
13. Solectron has a rights agreement in place (the "Solectron Rights Agreement") which provides, among other things, that each Solectron Common Share shall trade with an associated Solectron Right.
14. Solectron also has stock option and purchase plans pursuant to which the Solectron Board of Directors has the authority, among other things, to determine the type of options ("Solectron Options") and the number of Solectron Common Shares which are subject to the Solectron Options or the number of Solectron Common Shares which may be purchased, as the case may be.
15. The Solectron Common Shares are listed on the NYSE. Solectron will apply to NYSE to quote the Solectron Common Shares issued pursuant to the Arrangement or issuable from time to time in exchange for Exchangeable Shares or upon exercise of the Replacement Options.
16. Prior to the Arrangement becoming effective, holders of Solectron Common Shares will be asked at the Solectron Meeting (as defined below) to approve the issuance by Solectron of the Solectron Common Shares to be used as consideration in the Transaction, including the Solectron Common Shares to be issued upon exchange of the Exchangeable Shares and upon the exercise of the Replacement Options.

**Solectron Global Services Canada Inc.  
(Exchangeco)**

17. Exchangeco is, and has since incorporation been, a wholly-owned subsidiary of Solectron. Exchangeco was amalgamated under the laws of New Brunswick effective December 25, 1999 and it is intended that Exchangeco will be continued under the CBCA prior to the Effective Date. At the Effective Date, Exchangeco will be an indirect subsidiary of Solectron and a direct subsidiary of Callco (as defined below). Exchangeco provides a complete range of technology repair, remanufacturing and refurbishment services for a large variety of electronic products. Exchangeco's registered office is located at P.O. Box 7289, Stn. "A", 44 Chipman Hill, 10th Floor, Saint John, New Brunswick E2L 4S6.
18. The authorized capital of Exchangeco will be amended prior to the Effective Time on the Effective Date such that it will consist of an unlimited number of common shares, Class A Non-Voting Shares and Exchangeable Shares. The Exchangeable Shares will rank senior to the Class A Non-Voting Shares and the common shares of Exchangeco with respect to the payment of dividends and the distribution of property or assets of Exchangeco among its shareholders for the purpose of winding-up its affairs.
19. Prior to the Arrangement becoming effective, Exchangeco will adopt an Exchangeable Share rights plan (the "Exchangeable Share Rights Plan") substantially equivalent to the Solectron Rights Agreement. Pursuant to the Exchangeable Share Rights Plan, each Exchangeable Share issued in the Arrangement or otherwise will have an associated Exchangeable Share Right, entitling the holder of such Exchangeable Share Right to acquire additional Exchangeable Shares.
20. Exchangeco is currently a private company within the meaning of that term under the Act. Prior to the completion of the Transaction, the articles of Exchangeco will be amended to remove the private company restrictions of Exchangeco. Upon completion of the Transaction and the listing of the Exchangeable Shares on the TSE, Exchangeco will become a reporting issuer under the Act. Exchangeco will also become a reporting issuer under the securities legislation of certain of the other provinces as a result of the Transaction.

**3942163 Canada Inc. (Callco)**

21. Callco is a wholly-owned subsidiary of Solectron. Callco was formed on September 6, 2001 as a corporation under the CBCA to hold all of the common shares of Exchangeco, to participate in the Transaction by delivering Solectron Common Shares to holders of Exchangeable Shares receiving them upon Callco's exercise of certain call rights to acquire the Exchangeable Shares from the holders thereof and to hold various call rights related to the Exchangeable Shares. Callco's registered office is located at 100 King Street West, 1 First Canadian Place, suite 6600, Toronto, Ontario M5X 1B8.

22. The authorized capital of Calco consists of an unlimited number of common shares. As of September 10, 2001, there was one common share issued and outstanding which was held directly or indirectly by Solectron.

**C-MAC Industries Inc.**

23. C-MAC was incorporated under the CBCA on October 7, 1985. C-MAC is a leading international diversified designer and manufacturer of integrated electronic manufacturing solutions, from components to full systems, primarily serving the communications, automotive, instrumentation, defense and aerospace industries worldwide. C-MAC's services also include product design, supply-chain management, assembly and testing. C-MAC's head office is located at 1010 Sherbrooke Street West, Suite 1610, Montréal, Québec H3A 2R7.

24. C-MAC is a reporting issuer under the Act and is not in default of any of the requirements under the Act or the regulations thereunder. C-MAC is a reporting issuer or equivalent under the securities laws of each of the provinces of Canada.

25. The authorized capital of C-MAC consists of an unlimited number of Common Shares, an unlimited number of Class "A" Preferred Shares and an unlimited number of Class "B" Preferred Shares and an unlimited number of Class "C" Preferred Shares. As of August 7, 2001, there were 86,313,076 C-MAC Common Shares issued and outstanding, and no Class "A", Class "B" or Class "C" Preferred Shares issued and outstanding. The C-MAC Common Shares are currently listed for trading on the TSE under the symbol "CMS" and on the NYSE as "EMS".

26. C-MAC Options were granted pursuant to the C-MAC 1992 stock option plan, as amended and restated. As of August 8, 2001, there were C-MAC Options outstanding which, when vested, would be exercisable to acquire a total of approximately 3,234,795 C-MAC Common Shares. Upon the Arrangement becoming effective, each C-MAC Option will become a Replacement Option.

**The Circular**

27. In connection with the Transaction, C-MAC anticipates that it will deliver the Circular to the holders of the C-MAC Common Shares in October 2001. Pursuant to NYSE requirements, Solectron is also required to hold a special meeting of its stockholders (the "Solectron Meeting") to approve the issuance by Solectron of the Solectron Common Shares in connection with the Transaction, including the Solectron Common Shares to be issued upon the exchange of the Exchangeable Shares. In connection therewith, Solectron has filed with the U.S. Securities and Exchange Commission a registration statement on Form S-4 and joint proxy statement/prospectus to be delivered to its stockholders and, together with a Canadian supplement thereto, to be delivered to the holders of C-MAC Common Shares and C-MAC Options as the Circular.

28. The Circular and Solectron Proxy Statement will contain the following financial statements:

- (a) unaudited pro forma combined condensed balance sheet of Solectron as if the Arrangement had occurred on May 31, 2001, and unaudited pro forma consolidated profit and loss account for the year ended August 31, 2000, all in accordance with United States generally accepted accounting principles ("U.S. GAAP");
- (b) unaudited pro forma combined condensed income statements as if the Arrangement had occurred on September 1, 2000, and unaudited pro forma consolidated profit and loss account for the nine-month period ended May 31, 2001 and the compilation report thereon, all in accordance with U.S. GAAP;
- (c) audited annual financial statements of Solectron for the fiscal years ended August 31, 1999 and 2000 including balance sheets as at the end of such periods and the auditor's reports thereon, all in accordance with U.S. GAAP;
- (d) unaudited financial statements of Solectron for the nine month period ended May 31, 2001 including a balance sheet as at the end of such period;
- (e) audited financial statements of C-MAC for each of the three fiscal years ended December 31, 2000 including balance sheets as at the end of such periods and the auditor's reports thereon, all in accordance with Canadian GAAP and reconciled to U.S. GAAP; and
- (f) unaudited financial statements of C-MAC for the twenty-six week periods ended July 1, 2000 and June 30, 2001 including a balance sheet as at the end of such period.

29. Pursuant to Section 2.1(1) of Rule 54-501, C-MAC may be required to include in the Circular the disclosure that would be required in a prospectus if the Circular were a prospectus of Exchangeco and Solectron.

30. The Circular will contain prospectus disclosure concerning the respective businesses of Solectron and C-MAC and a detailed description of the Transaction and the Arrangement. The Circular will be prepared in conformity with the provisions of the Act, the regulations to the CBCA, the MJDS Rule, the applicable policy statements of the Commission relating to information circulars and Rule 54-501 as it applies to reporting issuers in Ontario (subject to the exemptive relief granted by this Order).

**Canadian GAAP Reconciliation of Solectron Financial Information**

31. Solectron is eligible to distribute Solectron Common Shares in Canada pursuant to a prospectus filed under the multi-jurisdictional disclosure system prescribed by

National Instrument 71-101 (the "MJDS Rule"). In particular, the Solectron Common Shares fall within the eligibility criteria described in Section 3.1(c) of the MJDS Rule. Therefore, in order to comply with Section 2.1(1) of Rule 54-501, the Circular will include the disclosure that would be required in an MJDS prospectus in respect of the business and affairs of Solectron, including complying with the applicable significant business acquisition rules of U.S. securities law. Section 4.6 of the MJDS Rule would require Solectron to include a reconciliation of the financial statements required to be included in its MJDS prospectus to Canadian GAAP in the notes to the financial statements or as a supplement included or incorporated by reference in the prospectus.

32. On September 7, 2001, Solectron filed under the Mutual Reliance Review System for Exemptive Relief Applications a separate application (the "MRRS Application") seeking relief in all provinces of Canada from (i) the prospectus and registration requirements in relation to the trades involved in executing the Arrangement, to the extent that such trades are not otherwise exempt, (ii) the continuous disclosure requirements in respect of Exchangeco which will or may, as a result of the Transaction, become a reporting issuer, and (iii) the insider reporting requirements as they apply to the insiders of Exchangeco. Under the terms of the MRRS Application, if granted, holders of C-MAC Common Shares will after completion of the Arrangement hold the Exchangeable Shares and Solectron Common Shares and will be provided with the continuous disclosure and other shareholder materials which are provided to holders of Solectron Common Shares in the United States.
33. The Circular will disclose that, in connection with the Arrangement, Solectron and Exchangeco have applied for but not yet been granted relief from the registration and prospectus requirements, the continuous disclosure requirements and the insider reporting requirements. The Circular will disclose the disclosure requirements from which Exchangeco has applied to be exempted and identify disclosure that will be made in substitution therefor if such exemptions are granted.
34. Upon the completion of the Arrangement, if all of the holders of C-MAC Common Shares elected to exchange their C-MAC Common Shares for Solectron Common Shares, it is expected that the beneficial holders of Solectron Common Shares resident in Canada would hold approximately 16.1% of the issued and outstanding shares of Solectron. That percentage would increase to approximately 16.7% if it is assumed that all of the Replacement Options held by Canadian residents will be exercised prior to the Effective Date.
35. In the present case, the Solectron Common Shares trade on the NYSE and the results reported in U.S. GAAP are the only relevant results by which financial performance of Solectron is evaluated and its shares are traded.

### *Financial Statements of Exchangeco*

36. Exchangeco will remain an indirect wholly-owned subsidiary of Solectron at all times that are material to holders of Exchangeable Shares. The Exchangeable Shares will provide a former holder of C-MAC Common Shares with a security having economic and voting rights which are, as nearly as practicable, equivalent to those of Solectron Common Shares. However, a holder of C-MAC Common Shares resident in Canada will generally be able to receive the Exchangeable Shares on a tax-deferred rollover basis. In addition, the Exchangeable Shares will qualify as Canadian property for RRSP, RRIF, RESP and other savings and pension plans.
37. The Exchangeable Shares provide a holder with a security in a Canadian issuer (i.e. Exchangeco) having economic and voting rights which are, as nearly as practicable, equivalent to those of Solectron Common Shares and should allow certain holders of C-MAC Common Shares to receive the shares on a tax-deferred rollover basis. In particular, each Exchangeable Share will be (a) entitled to dividends from Exchangeco payable at the same time as, and in the Canadian dollar equivalent of, each dividend paid by Solectron on a Solectron Common Share, (b) exchangeable at the option of the holder at any time for a Solectron Common Share, (c) entitled on the liquidation, dissolution or winding-up of Exchangeco to be exchanged for one Solectron Common Share, (d) upon the liquidation, dissolution or winding-up of Solectron, automatically exchanged for one Solectron Common Share so that the holders thereof may participate in the dissolution of Solectron on the same basis as the holders of Solectron Common Shares and (e) entitled to voting rights equivalent to the voting rights attached to Solectron Common Shares at each meeting of holders of Solectron Common Shares.
38. As a result of the fact that the rights attaching to the Exchangeable Shares and the Solectron Common Shares are virtually identical and the value of the Exchangeable Shares and the Solectron Common Shares is entirely dependent only on the assets and operations of Solectron, of which the assets and operations of Exchangeco form only an indirect part, the only financial information a person making an investment decision respecting the Exchangeable Shares requires is financial information relating to Solectron. As well, because the two companies are so closely integrated, it would be both meaningless and irrelevant from a business perspective for financial statements to be prepared on behalf of each of Solectron and Exchangeco. Holders of Exchangeable Shares will effectively have a participating interest in Solectron and will not have a participating interest in Exchangeco and therefore it is the financial information relating to Solectron that is directly relevant to the holders of C-MAC Common Shares making an investment decision in connection with the Arrangement and as holders of both Solectron Common Shares and Exchangeable Shares following the Arrangement.

39. Because the Circular will contain prospectus-level disclosure relating to Soletron (including Soletron's compliance with United States securities laws relating to significant acquisitions), C-MAC and Exchangeco and the Exchangeable Shares, holders of C-MAC Common Shares will have sufficient information to make their investment decision in respect of voting on the Arrangement, without detailed financial disclosure relating to Exchangeco, which disclosure is not material.

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

THE DECISION of the Director is that, pursuant to Section 3.1 of Rule 54-501, Soletron, Exchangeco and C-MAC shall be exempt from the following requirements of Rule 54-501 as they would otherwise relate to the Circular:

- (a) the requirement set forth in Section 9.1 of Rule 41-501 and Item 8.4 of Form 41-501F1 that historical and pro forma financial statements of Soletron prepared in accordance with U.S. generally accepted accounting principles ("GAAP") be accompanied by a supplementary 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 9.4 of Rule 41-501 that the Soletron 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;
- (c) the requirement of Section 8.5(2) of Form 41-501F1 that the Soletron MD&A provide a restatement of those parts of the Soletron MD&A that would read differently if the Soletron 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 Soletron 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
- (d) the requirement of Section 2.1(1) of Rule 54-501 that the Circular include the financial statements of Exchangeco that would be required in a prospectus if the Circular were a prospectus of Exchangeco.

October 5, 2001.

"Margo Paul"

## 2.2.4 TD Asset Management Inc. - ss. 59(1) of Schedule 1 of the Regulation

### Headnote

Exemption from the fees otherwise due under subsection 14(1) of Schedule 1 of the Regulation to the Securities Act on the distribution of units made by "underlying" funds arising in the context of RSP "clone" fund structures and non-RSP fund-on-fund structures.

### Regulations Cited

Regulation made under the Securities Act, R.S.O. 1990, Reg. 1015, as am., Schedule 1, ss.14(1).

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

AND

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

ORDER

(Subsection 59(1) of Schedule 1 of the Regulation)

UPON the application of TD Asset Management Inc. ("TDAM"), the trustee, manager and promoter of (a) the TD RSP Funds listed on Schedule A and other similar clone funds established by TDAM from time to time (the "Clone Funds"), (b) the TD Managed Asset Program Portfolios listed on Schedule B and other similar portfolios established by TDAM from time to time (the "TD MAP Portfolios" and collectively with the Clone Funds, the "Top Funds") and (c) the mutual funds within the TD Family of Mutual Funds listed on Schedule C and other similar mutual funds established by TDAM from time to time (the "Underlying TD Funds") for an order pursuant to subsection 59(1) of Schedule 1 of the Regulation exempting the Underlying TD Funds from paying duplicate filing fees on an annual basis in respect of the distribution of units (the "Securities") of the Underlying TD Funds to the Top Funds, the distribution of Securities of the Underlying TD Funds to counterparties with whom the Clone Funds have entered into forward contracts and on the reinvestment of distributions of such Securities;

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

AND UPON TDAM having represented to the Commission that:

1. TDAM is, or will be, the trustee, manger and promoter of the Top Funds and the Underlying TD Funds. TDAM is a corporation incorporated under the laws of Ontario.
2. Each Top Fund and Underlying TD Fund is, or will be, an open-ended unincorporated mutual fund trust established under the laws of Ontario.
3. The Top Funds and Underlying TD Funds are, or will be, reporting issuers and not in default of any requirement of the securities acts or regulations

applicable in each of the provinces and territories of Canada. The Securities of the Top Funds and the Underlying TD Funds are, or will be, qualified for distribution pursuant to simplified prospectuses and annual information forms in those jurisdictions.

4. As part of their investment strategy, each Clone Fund enters into forward contracts or other specified derivatives (the "Forward Contracts") with financial institutions (the "Counterparties") that link the Clone Fund's returns to its corresponding Underlying TD Fund.
5. Counterparties may hedge their obligations under the Forward Contracts by investing in Securities (the "Hedge Securities") of the applicable Underlying TD Fund.
6. As part of their investment strategy, each Clone Fund may invest a portion of its assets directly in Securities of its corresponding Underlying TD Fund, and each TD MAP Portfolio invests substantially all of its assets in Securities of its corresponding Underlying TD Funds and certain mutual funds managed by third parties unrelated to TDAM (the "Fund-on-Fund Investments").
7. Applicable securities regulatory approvals for the Fund-on-Fund Investments and the Clone Funds' and TD MAP Portfolios' investment strategies have been obtained.
8. Annually, each of the Top Funds will be required to pay filing fees to the Commission in respect of the distribution of its Securities in Ontario pursuant to section 14 of Schedule 1 of the Regulation and will similarly be required to pay fees based on the distribution of its Securities in other relevant Canadian jurisdictions pursuant to applicable securities legislation in each of those jurisdictions.
9. Annually, each of the Underlying TD Funds will be required to pay filing fees in respect of the distribution of its Securities in Ontario, including the distribution of both the Securities to the Top Funds and the Hedge Securities, pursuant to Section 14 of Schedule 1 of the Regulation and will similarly be required to pay fees based on the distribution of its Securities in other relevant Canadian jurisdictions pursuant to the applicable securities legislation in each of those jurisdictions.
10. A duplication of filing fees pursuant to Section 14 of Schedule 1 of the Regulation may result when (a) assets of a Top Fund are invested in the applicable Underlying TD Fund; (b) Hedge Securities are distributed and (c) a distribution fee is paid by an Underlying TD Fund on Securities of the Underlying TD Fund purchased by the applicable Top Fund or on Hedge Securities which are reinvested in additional Securities of the Underlying TD Fund (the "Reinvested Securities").

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

**IT IS ORDERED** by the Commission pursuant to subsection 59(1) of Schedule 1 of the Regulation that the Underlying TD Funds are exempt from the payment of duplicate filing fees on an annual basis pursuant to section 14 of Schedule 1 of the Regulation in respect of the distribution of Securities of the Underlying TD Funds to the Clone Funds, the distribution of Hedge Securities to Counterparties and the distribution of the Reinvested Securities, in connection with any such distributions made on or after September 30, 2000, provided that each Underlying TD Fund shall include in its notice filed under subsection 14(4) of Schedule 1 of the Regulation a statement of the aggregate gross proceeds realized in Ontario as a result of the issuance by the Underlying TD Funds of (1) Securities to the Clone Funds; (2) Hedge Securities and (3) Reinvested Securities; together with a calculation of the fees that would have been payable in the absence of this order.

**AND IT IS FURTHER ORDERED** by the Commission pursuant to subsection 59(1) of Schedule 1 of the Regulation that the Underlying TD Funds are exempt from the payment of duplicate filing fees on an annual basis pursuant to section 14 of Schedule 1 of the Regulation in respect of the distribution of Securities of the Underlying TD Funds to the TD MAP Portfolios and the distribution of the Reinvested Securities, in connection with any such distributions made on or after September 30, 2000, provided that each Underlying TD Fund shall include in its notice filed under subsection 14(4) of Schedule 1 of the Regulation a statement of the aggregate gross proceeds realized in Ontario as a result of the issuance by the Underlying TD Funds of (1) Securities to the TD MAP Portfolios and (2) Reinvested Securities; together with a calculation of the fees that would have been payable in the absence of this order.

October 26, 2001.

"J. A. Geller"

"R. Stephen Paddon"



**Schedule A**

TD RSP Funds  
 TD Global Select RSP Fund  
 TD U.S. Blue Chip Equity RSP Fund  
 TD Science & Technology RSP Fund  
 TD Emerging Markets RSP Fund  
 TD Entertainment & Communications RSP Fund  
 TD Health Science RSP Fund  
 TD Global e-Business RSP Fund  
 TD Global Wireless & Telecom RSP Fund  
 TD Global Biotechnology RSP Fund

**Schedule B**

TD Managed Asset Program Portfolios

TD Managed Portfolios  
 TD Managed Income Portfolio  
 TD Managed Income & Moderate Growth Portfolio  
 TD Managed Balanced Growth Portfolio  
 TD Managed Aggressive Growth Portfolio  
 TD Managed Maximum Equity Growth Portfolio  
 TD Managed Income RSP Portfolio  
 TD Managed Income & Moderate Growth RSP Portfolio  
 TD Managed Balanced Growth RSP Portfolio  
 TD Managed Aggressive Growth RSP Portfolio  
 TD Managed Maximum Equity Growth RSP Portfolio

TD Managed Index Portfolios  
 TD Managed Index Income Portfolio  
 TD Managed Index Income & Moderate Growth Portfolio  
 TD Managed Index Balanced Growth Portfolio  
 TD Managed Index Aggressive Growth Portfolio  
 TD Managed Index Maximum Equity Growth Portfolio  
 TD Managed Index Income RSP Portfolio  
 TD Managed Index Income & Moderate Growth RSP Portfolio  
 TD Managed Index Balanced Growth RSP Portfolio  
 TD Managed Index Aggressive Growth RSP Portfolio  
 TD Managed Index Maximum Equity Growth RSP Portfolio

TD FundSmart Portfolios  
 TD FundSmart Managed Income Portfolio  
 TD FundSmart Managed Income & Moderate Growth Portfolio  
 TD FundSmart Managed Balanced Growth Portfolio  
 TD FundSmart Managed Aggressive Growth Portfolio  
 TD FundSmart Managed Maximum Equity Growth Portfolio  
 TD FundSmart Managed Income RSP Portfolio  
 TD FundSmart Managed Income & Moderate Growth RSP Portfolio  
 TD FundSmart Managed Balanced Growth RSP Portfolio  
 TD FundSmart Managed Aggressive Growth RSP Portfolio  
 TD FundSmart Managed Maximum Equity Growth RSP Portfolio

**Schedule C**

TD Mutual Funds

TD Canadian T-Bill Fund  
 TD Canadian Money Market Fund  
 TD Premium Money Market Fund  
 TD U.S. Money Market Fund

TD Short Term Monthly Income Fund  
 TD Short Term Bond Fund  
 TD Mortgage Fund  
 TD Canadian Bond Fund  
 TD Real Return Bond Fund  
 TD Global Government Bond Fund  
 TD Global RSP Bond Fund  
 TD High Yield Income Fund

TD Monthly Income Fund  
 TD Balanced Income Fund  
 TD Balanced Fund  
 TD Balanced Growth Fund  
 TD Global Asset Allocation Fund

TD Dividend Income Fund  
 TD Dividend Growth Fund  
 TD Canadian Blue Chip Equity Fund  
 TD Canadian Value Fund  
 TD Canadian Equity Fund  
 TD Canadian Stock Fund  
 TD Canadian Small-Cap Equity Fund  
 TD Special Equity Fund

TD North American Equity Fund  
 TD U.S. Blue Chip Equity Fund  
 TD AmeriGrowth RSP Fund  
 TD U.S. Equity Fund  
 TD U.S. Mid-Cap Growth Fund  
 TD U.S. Small-Cap Equity Fund

TD Resource Fund  
 TD Energy Fund  
 TD Precious Metals Fund  
 TD Entertainment & Communications Fund  
 TD Science & Technology Fund  
 TD Health Sciences Fund

TD Global Select Fund  
 TD GlobalGrowth RSP Fund  
 TD International Equity Fund  
 TD International Growth Fund  
 TD EuroGrowth RSP Fund  
 TD European Growth Fund  
 TD Japanese Growth Fund  
 TD AsiaGrowth RSP Fund  
 TD Asian Growth Fund  
 TD Emerging Markets Fund  
 TD Latin American Growth Fund

TD Canadian Government Bond Index Fund  
 TD Canadian Bond Index Fund  
 TD Balanced Index Fund  
 TD Canadian Index Fund  
 TD Dow Jones Industrial Average Index Fund  
 TD U.S. Index Fund  
 TD U.S. RSP Index Fund

TD Nasdaq RSP Index Fund  
TD International Index Fund  
TD International RSP Index Fund  
TD European Index Fund  
TD Japanese Index Fund  
TD Global e-Business Fund  
TD Global Wireless & Telecom Fund  
TD Global Biotechnology Fund

**2.2.5 National Instruments 21-101 and 23-101 -  
Recognition of Certain Stock Exchanges**

**IN THE MATTER OF  
NATIONAL INSTRUMENT 21-101 MARKETPLACE  
OPERATION**

**AND**

**IN THE MATTER OF  
NATIONAL INSTRUMENT 23-101 TRADING RULES**

**AND**

**IN THE MATTER OF  
THE RECOGNITION OF CERTAIN STOCK EXCHANGES**

**ORDER**

**(National Instrument 21-101, sections 1.1 and 2.1  
National Instrument 23-101 Trading Rules, section 5.1)**

**WHEREAS** section 1.1 of National Instrument 21-101  
Marketplace Operation ("National Instrument 21-101") provides  
the following definitions:

"corporate debt security" means a debt security issued  
in Canada by a company or corporation that is not listed  
on a recognized exchange or quoted on a recognized  
quotation and trade reporting system or listed on an  
exchange or quoted on a quotation and trade reporting  
system that has been recognized for the purposes of  
this Instrument and NI 23-101, and does not include a  
government debt security;

"exchange-traded security" means a security that is  
listed on a recognized exchange or is quoted on a  
recognized quotation and trade reporting system or is  
listed on an exchange or quoted on a quotation and  
trade reporting system that is recognized for the  
purposes of this Instrument and NI 23-101;

"government debt security" means

- (a) a debt security issued or guaranteed by the  
government of Canada, or any province or  
territory of Canada, the government of any  
foreign country or any political division thereof,
- (b) a debt security of any municipal corporation in  
Canada, or
- (c) a debt security of a crown corporation;

that is not listed on a recognized exchange or quoted  
on a recognized quotation and trade reporting system  
or listed on an exchange or quoted on a quotation and  
trade reporting system that has been recognized for the  
purposes of this Instrument and NI 23-101;

**AND WHEREAS** section 2.1 of National Instrument 21-101 states:

"National Instrument 21-101 does not apply to a marketplace that is a member of an exchange that has been recognized for the purposes of this Instrument and NI 23-101";

**AND WHEREAS** section 5.1 of National Instrument 23-101 Trading Rules ("National Instrument 23-101") states:

"If a regulation services provider, a recognized exchange, recognized quotation and trade reporting system or an exchange or quotation and trade reporting system that has been recognized for the purposes of this Instrument and NI 21-101 makes a decision to prohibit trading in a particular security, no person or company shall execute a trade for the purchase or sale of that security during the period in which the prohibition is in place."

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

**THE COMMISSION HEREBY RECOGNIZES** the Toronto Stock Exchange, the Canadian Venture Exchange and the Bourse de Montréal for the purposes of:

- (i) National Instrument 21-101, and
- (ii) National Instrument 23-101,

pursuant to the definitions of "corporate debt security", "exchange-traded security", "government debt security" in section 1.1 and section 2.1 of National Instrument 21-101 and pursuant to section 5.1 of National Instrument 23-101.

This order takes effect on December 1, 2001.

October 30, 2001.

"Paul M. Moore"

"Stephen N. Adams"

## 2.3 Rulings

### 2.3.1 Years U.S. 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 and put options, subject to certain conditions.

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

**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  
YEARS U.S. TRUST**

**RULING AND EXEMPTION**

[Subsection 74(1) of the Act and  
Subsection 59(1) of Schedule 1 to the Regulation]

**UPON** the application of Highstreet Asset Management Inc. ("Highstreet"), as manager of YEARS U.S. Trust (the "Trust"), to the Ontario Securities Commission (the "Commission") for

- (i) a ruling, 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) an exemption, pursuant to subsection 59(1) of Schedule 1 of the Regulation ("Schedule 1") from the requirement to pay the fees prescribed by subsection 28(2) of Schedule 1, in respect of any OTC Option written by the Trust pursuant to this ruling;

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

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

1. The Trust is an investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated October 22, 2001 between Highstreet, as manager, and The Royal Trust Company, as trustee.
2. The Trust is a "mutual fund" as such term is defined in subsection 1(1) of the Act.
3. In connection with the public offering (the "Offering") of its units, (the "Units"), the Trust obtained a receipt for its (final) prospectus dated October 22, 2001 (the "Prospectus") from the Director and also from the securities regulatory authority in each of the other Provinces of Canada under Sedar Project No. 377779.
4. Highstreet will also act as investment manager of the Trust.
5. Highstreet is registered under the Act in the categories of investment counsel and portfolio manager and limited market dealer.
6. The Trust's investment objectives are:
  - (i) to return to the holders of the Units (the "Unitholders"), on December 15, 2016 (the "Termination Date") at least the original issue price of U.S.\$25.00 per Unit;
  - (ii) to provide Unitholders with a stable stream of monthly distributions; and
  - (iii) to preserve the value of the Trust's Managed Portfolio (as defined in paragraph 8 below), which will provide Unitholders with capital appreciation above the original issue price.
7. To provide the Trust with the means to return the original issue price of the Units on or about the Termination Date, the Trust will enter into a forward purchase and sale agreement with one or more Canadian Schedule I chartered banks or investment dealers (collectively, the "Forward Counterparty") pursuant to which the Forward Counterparty will agree to pay the Trust an amount equal to U.S.\$25.00 for each Unit outstanding on the Termination Date, in exchange for the Trust agreeing to deliver to the Forward Counterparty equity securities which the Trust will acquire with a portion of the proceeds of the Offering.
8. To achieve the Trust's dividend and capital appreciation objectives, the balance of the net proceeds of the Offering will be invested in a diversified portfolio consisting principally of equity securities of listed companies selected from the S&P 500 Index or that have a market capitalization in excess of U.S.\$5.0 billion (the "Managed Portfolio").
9. The Trust will, from time to time, write over-the-counter ("OTC") call options in respect of all or part of the securities in the Managed Portfolio. The investment

criteria of the Trust prohibits the sale of equity securities subject to an outstanding written call option, so that the OTC call options written by the Trust will be covered at all times.

10. The Trust may also write, from time to time, cash-covered OTC put options. The Trust may, from time to time, hold a portion of its assets in "cash equivalents" (as that term is defined in the Prospectus) that will be used to provide cover for the OTC put options written by the Trust. OTC cash-covered put options will only be written in respect of securities in which the Trust is permitted to invest
11. The Trust's OTC Options writing will be managed by Highstreet in a manner consistent with the investment objectives of the Trust.
12. The writing of OTC Options by the Trust will not be used as a means for the Trust to raise new capital.
13. The purchasers of OTC Options written by the Trust will generally be the major Canadian financial institutions or a person or company described in Appendix "A" to this ruling;

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

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

- (a) the portfolio adviser advising the Trust with respect to such activities is registered as an adviser under the Act and meets the proficiency requirements in Ontario for advising with respect to options; and
- (b) each purchaser of an OTC Option written by the Trust is a financial institution or a person or company described in Appendix "A" to this ruling.

AND PURSUANT to subsection 59(1) of Schedule 1, the Trust is hereby exempted from the fees that would otherwise be payable pursuant to subsection 28(2) of Schedule 1, in connection with any OTC Options written by the Trust in reliance upon the above ruling.

October 26, 2001.

"J. A. Geller"

"R. Stephen Paddon"

## APPENDIX "A"

### QUALIFIED PARTIES

#### Interpretation

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

#### Qualified Parties Acting as Principal

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

##### *Banks*

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

##### *Credit Unions and Caisses Populaires*

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

##### *Loan and Trust Companies*

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

##### *Insurance Companies*

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

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

***Sophisticated Entities***

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

***Individuals***

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

***Governments/Agencies***

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

***Municipalities***

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

***Corporations and other Entities***

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

***Pension Plan or Fund***

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

***Mutual Funds and Investment Funds***

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

***Brokers/Investment Dealers***

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

***Futures Commission Merchants***

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

***Charities***

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

***Affiliates***

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

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

**Guaranteed Party**

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

**Qualified Party Not Acting as Principal**

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

**Managed Accounts**

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

**Subsequent Failure to Qualify**

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

**2.3.2 LogicVision, Inc. - ss. 53 and 74(1)**

**Headnote**

Subsection 74(1) - issuance of shares to certain Ontario residents by non-reporting issuer in connection with its U.S. initial public offering exempt from section 53 of the Act - first trade is a distribution unless made through facilities of stock exchange or market outside Ontario, subject to certain conditions.

**Statutes Cited**

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

**Rules Cited**

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

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

**AND**

**IN THE MATTER OF  
LOGICVISION, INC.**

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

**UPON** the application (the "Application") of LogicVision, Inc. ("the Applicant") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that certain trades in the shares of Common Stock of the Applicant (the "Shares") in connection with the offering (the "Offering") to two family members of an officer of the Applicant and to four business associates of the Applicant residing in the Province of Ontario (the "Ontario Participants") who elect to participate in the Offering pursuant to an underwritten initial public offering (the "IPO"), in and outside of the United States, shall not be subject to section 53 of the Act;

**AND UPON** considering the Application and recommendation of the staff of the Commission and upon the Applicant having represented to the Commission as follows:

1. The Applicant is incorporated under the laws of the State of Delaware and is not a reporting issuer under the Act and has no present intention of becoming a reporting issuer under the Act.
2. The Applicant is currently in the process of completing the IPO in the United States and in connection therewith has filed a registration statement on Form S-1, as amended (the "Preliminary Prospectus").
3. The Applicant proposes to offer 4,500,000 Shares under the IPO.
4. Upon completion of the IPO, the Shares will be listed on the Nasdaq National Market ("NASDAQ").

5. The Offering is being made available to employees of the Applicant and to business associates and friends and family members of officers of the Applicant ("Related Investors"), including the Ontario Participants, in connection with the IPO, all on the same terms and conditions.
6. The Ontario Participants consist of two (2) family members of an officer, and to four (4) business associates, of the Applicant.
7. The Ontario Participants will also receive an information package from UBS Warburg LLC ("UBS Warburg"), one of the underwriters of the IPO, which will include a summary of the terms of the Offering. The shares will be offered to the Ontario Participants by UBS Bunting Warburg Inc., a dealer registered pursuant to the Act.
8. The Shares will be offered to the Ontario Participants at a price equal to the price of the Shares offered to the public in connection with the IPO.
9. Participation in the Offering is voluntary and a copy of the Preliminary Prospectus (which was prepared in accordance with U.S. securities laws) will be forwarded to each Ontario Participant who chooses to participate in the Offering.
10. After giving effect to the IPO, the aggregate number of Shares held by the Ontario Participants will be less than 10% of the issued and outstanding shares of the Applicant and the number of registered Ontario residents holding Shares will not be more than 10% of the total number of holders of issued and outstanding Shares of the Applicant.
11. There is not expected to be a market for the Shares in Ontario and it is intended that any resale of Shares acquired under the Offering will be effected through the facilities of the NASDAQ in accordance with its rules and regulations.
12. As a result of the relationship between the Applicant and the Ontario Participants, each of the Ontario Participants possess knowledge of the business and affairs of the Applicant.
13. The annual reports, proxy materials and other materials generally distributed to the Applicant's shareholders resident in the United States will be provided to the Ontario Participants at the same time and in the same manner as the documents would be provided to United States resident shareholders.
14. Ontario Participants will be provided with a notice advising that an Ontario Participant will not have any rights against the Applicant under provincial securities laws and, as a result, must rely on other remedies which may be available, including common law rights of action for damages or rescission or rights of action under the civil liability provisions of U.S. federal securities laws.

**IT IS RULED**, pursuant to subsection 74(1) of the Act, that Section 53 of the Act shall not apply to trades in Shares to the Ontario Participants pursuant to the Offering, provided that the first trade in any Shares acquired by an Ontario Participant pursuant to this ruling shall be a distribution unless such trade is made in accordance with the provisions of subsection 2.1 of Commission Rule 72-501 - *Prospectus Exemption For First Trade Over a Market Outside Ontario*.

October 30, 2001.

"Paul M. Moore"

"Stephen N. Adams"

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



**2.3.3 Fort Knox Gold Resources - Rule 61-501**

**Headnote**

Rule 61-501 - Related party transactions - Applicant proposes to enter into an option to purchase agreement with related party vendor which provides for the acquisition of 100% interest in certain mineral resource properties - Consideration being provided to related party vendor to include a pre-emptive right to maintain 19.9% interest in applicant, a right to nominate 20% of applicant's board of directors, and a first right to purchase any production from properties - Applicant requesting relief from paragraph 6.3(1)(d) in connection with these items of non-cash consideration - Relief granted as valuation will include the properties and the most substantial items of non-cash consideration

**Ontario Rules Cited**

Rule 61-501 - Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions, ss. 6.3(1)(d) and 9.1.

Rule 43-101 - Standards of Disclosure for Mineral Projects

**IN THE MATTER OF  
ONTARIO SECURITIES COMMISSION RULE 61-501  
("RULE 61-501")**

**AND IN THE MATTER OF FORT KNOX GOLD  
RESOURCES INC.**

**RULE 61-501  
(SECTION 9.1)**

UPON the application (the "Application") of Fort Knox Gold Resources Inc. (the "Issuer") to the Director for a decision pursuant to section 9.1 of Rule 61-501 (the "Rule") that, in connection with the acquisition of a 100% interest in certain mineral properties from Inco Limited (the "Transaction"), the Issuer be exempted from the requirement to provide a valuation of certain non-cash consideration forming part of the Transaction as required by paragraph 6.3(1)(d) of the Rule;

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

AND UPON the Issuer having represented to the Director as follows:

1. The Issuer was incorporated under the *Business Corporations Act* (Ontario) by articles of incorporation dated June 26, 1984.
2. The authorized capital of the Issuer consists of an unlimited number of common shares (the "Common Shares"). As at October 5, 2001, 13,355,466 Common Shares were issued and outstanding.
3. As of the date hereof, the Issuer is a reporting issuer in Ontario and Alberta and is not on the list of defaulting reporting issuers maintained by the securities regulatory authorities of such jurisdictions.

4. The Common Shares of the Issuer are listed on the Toronto Stock Exchange.
5. The business of the Issuer consists of all phases of mineral exploration with a particular emphasis given to the search for commercial deposits of base metals.
6. The Issuer and Inco Limited ("Inco") have entered into a non-binding letter of intent (the "Letter Agreement") dated September 7, 2001 and accepted September 11, 2001, outlining the principal business terms of an agreement (the "Option to Purchase Agreement") providing for the Issuer to acquire a 100% interest in five mineral properties held by Inco located in the Sudbury basin, Ontario (the "Properties"), and the right to lease all surface lands and on-site facilities necessary to permit exploration, development, and mining operations to be conducted on the Properties.
7. Inco currently owns, controls or directs, directly or indirectly, 2,498,472 of the 13,345,466 (or 18.72%) outstanding Common Shares and has one nominee on the six-person Fort Knox board of directors.
8. As Inco owns, controls or directs, directly or indirectly, 18.72% of the outstanding Common Shares, it is a related party of the Issuer pursuant to the Rule, and the acquisition of the Properties is consequently a related party transaction as defined thereunder.
9. The acquisition of the Properties has been approved by the board of directors of the Issuer, subject to shareholder and regulatory approval. The entering into of the Option to Purchase Agreement was reviewed and approved by all independent directors on the board of directors of the Issuer.
10. The Issuer will comply with the following requirements of Part 5 of the Rule:
  - (a) press release containing the disclosure prescribed by Section 5.2 has been issued along with a corresponding material change report;
  - (b) the Issuer will hold a meeting of its shareholders (the "Meeting") to obtain minority approval of the Transaction as prescribed by Section 5.7 of the Rule; and
  - (c) the information circular sent to shareholders in respect of the Meeting will contain the disclosure prescribed by Section 5.4 of the Rule.
11. The Issuer will further comply with the requirement to obtain a formal valuation of the transaction as prescribed by Section 5.5 of the Rule, other than as outlined below.
12. As the Issuer is engaged in the business of mineral exploration and development, it is subject to National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* (the "National Instrument") as it relates to oral or written disclosure made by or on behalf of an issuer in respect of mineral resource properties.

13. Subsection 4.2(1) of the National Instrument requires an issuer to file a current technical report to support information contained in disclosure documents filed or made available to the public describing mineral projects on a property material to the issuer (the "Technical Report").
14. As required by the National Instrument, the Technical Report will be prepared by a qualified person, which qualified person will be independent of both the Issuer and Inco and will certify the Technical Report and consent to its filing and the summary of the material contained therein in all applicable disclosure.
15. A formal valuation of the Properties will be prepared by a qualified valuator (the "Valuation Report") which qualified valuator will be independent of both the Issuer and Inco and will certify the Valuation Report and consent to its filing and the inclusion of a summary of the material contained therein in all applicable disclosure.
16. The writer of the Valuation Report will support the valuation of the Properties with all necessary background information required to understand the basis upon which the valuation is made.
17. The Valuation Report will not comply with paragraph 6.3(1)(d) of the Rule which requires the valuation of non-cash consideration being offered as part of a related party transaction. The non-cash consideration which will be offered as part of this transaction includes the following:
  - (a) the issuance of common shares in the capital of the Issuer (the "Payment Shares") transaction;
  - (b) a pre-emptive right granted to Inco to subscribe for securities of the Issuer in future offerings by the Issuer, on a basis no more favourable than the subscription basis for all other purchasers (the "Pre-emptive Right");
  - (c) the obligation on the part of Fort Knox to incur certain exploration expenditures on the Properties (the "Expenditure Requirement");
  - (d) a right to nominate 20% of the members of the board of directors of the Issuer (the "Nomination Right");
  - (e) a first right of refusal to purchase the products of the Issuer upon certain specified terms and conditions or to receive a net smelter royalty in respect of mineral products processed by a third party, all pursuant to an off-take agreement that has not yet been settled (the "Purchase Right");
  - (f) the right of first refusal to buy back the Properties upon certain specified terms and conditions (the "Back-in Right"); and
  - (g) the right of first offer to purchase any interest in the Properties that the Issuer proposes to sell to an arm's-length third party (the "Right of First Offer").
18. The Pre-emptive Right grants Inco a right to participate in future financings on a basis no more favourable than the subscription basis for other purchasers. The rules of the Toronto Stock Exchange may require Inco, where it seeks to exercise this right, to subscribe for securities on a basis less favourable to Inco than the basis on which arm's length subscribers purchase such securities.
19. The Nomination Right puts in written form the unwritten right that Inco has exercised with respect to the Issuer's board of directors for a number of years where Inco had nominated two of seven members of the board of the Issuer. One of these directors has resigned in connection with the acquisition of the Properties and the remaining Inco nominee to the board will not vote on the proposed transaction and has not participated in any deliberations to date.
20. The management of the Issuer views the Purchase Right as a benefit to the Issuer rather than a cost, as it will provide the Issuer with a readily available market for its product.
21. The only material consideration being offered in exchange for the acquisition of the Properties is the issuance of the Payment Shares. In this respect, paragraph 6.3(1)(d) of the Rule will be satisfied as the Valuation Report will contain a valuation of the material non-cash consideration being offered, being the Payment Shares. The Back-in Right, the Right of First Offer and the Expenditure Requirement will also be valued by the writer of the Valuation Report.
22. Paragraph 6.3(1)(d) of the Rule will not be satisfied with respect to the remaining non-cash consideration as a formal valuation of the Pre-emptive Right, the Nomination Right and the Purchase Right (the "Other Non-Cash Consideration") will not be provided.
23. Management of the Issuer estimates that the purchase price of the Properties can be allocated among the consideration being offered as follows:
 

Payment Shares	93 %
Pre-emptive Right	0 %
Nomination Right	0 %
Purchase Right	0 %
Back-in Right	0.7 %
Right of First Offer	2.7%
Expenditure Requirement	<u>3.6%</u>
Total Consideration	100 %

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

IT IS DECIDED pursuant to section 9.1 of the Rule that, in connection with the Other Non-Cash Consideration, the Issuer shall not be subject to the requirement in paragraph 6.3 (1)(d) of the Rule, provided that the Issuer complies with the other applicable provisions of the Rule.

October 23, 2001.

"Ralph Shay"

## Chapter 3

# Reasons: Decisions, Orders and Rulings

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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
Online Direct Inc.	18 Oct 01	30 Oct 01	30 Oct 01	-
Unirom Technologies Inc.	19 Oct 01	31 Oct 01	31 Oct 01	-
Dimensional Media Inc.	24 Oct 01	05 Nov 01	-	-
Primenet Communications Inc.	26 Oct 01	07 Nov 01	-	-
Aludra Inc.	30 Oct 01	09 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
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	-	-

**Cease Trading Orders**

<b>Company Name</b>	<b>Date of Order or Temporary Order</b>	<b>Date of Hearing</b>	<b>Date of Extending Order</b>	<b>Date of Lapse/ Expire</b>	<b>Date of Issuer Temporary Order</b>
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

### ONTARIO SECURITIES COMMISSION POLICY 51-601

#### 5.1.1 OSC Policy 51-601 - Reporting Issuer Defaults

#### REPORTING ISSUER DEFAULTS

##### PART 1 GENERAL

##### 1.1 Rationale for Certificate of No Default and List of Defaulting Reporting Issuers

- (1) In certain limited circumstances, holders of securities purchased under certain exemptions from the prospectus requirements cannot resell the securities without a prospectus, except under another exemption, unless, among other things, the issuer of the securities is not in default of any requirement of the *Securities Act* (Ontario) (the "Act") or the regulations.<sup>1</sup>
- (2) For the purpose of determining whether a reporting issuer is not in default of any requirement of the Act or the regulations, a seller is entitled to apply to the Commission for, and rely on, a certificate issued for this purpose. The seller is also entitled to rely on a list of defaulting reporting issuers maintained by the Commission for public inspection.<sup>2</sup>
- (3) A determination that a reporting issuer is in default carries numerous possible consequences in addition to those described in subsection (1), affecting, but not limited to such matters as the imposition of cease trade orders and the inability to file a short form prospectus.
- (4) The Commission is consequently aware that many interested parties other than prospective sellers of securities, including prospective purchasers of an issuer's securities, rely on certificates of no default and the list of defaulting reporting issuers. This Policy is intended to inform all interested parties of the guidelines followed and factors considered by the Commission in determining if a reporting issuer is in default, and to provide information as to the procedure for obtaining a certificate of no default.

##### PART 2 DETERMINATION IF AN ISSUER IS A REPORTING ISSUER

#### ONTARIO SECURITIES COMMISSION POLICY 51-601

#### REPORTING ISSUER DEFAULTS

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3.2 Minor Non-compliance does not Constitute Default  
3.3 Guidelines as to When Non-compliance Constitutes Default  
3.4 Ability to Cure an Existing Default  
3.5 Filing Considerations

#### PART 4 AVAILABILITY AND FORM OF CERTIFICATE OF NO DEFAULT

- 4.1 Who May Request a Certificate  
4.2 Issuance of Certificates  
4.3 Form of Certificate

#### PART 5 FORM OF CERTIFICATE OF NO DEFAULT UNDER SUBSECTION 72(8) OF THE ACT

- 5.1 Form of Certificate

<sup>1</sup> Subsections 72(4), 72(5), 72(7) of the Act and subsection 2.18 (3) of Rule 45-501 Exempt Distributions.

<sup>2</sup> Subsections 72(8) and 72(9) of the Act.

**2.1 List of Reporting Issuers**

- (1) The Commission maintains an overall list of reporting issuers in addition to a list of those that are in default.
- (2) The certificate provided by the Commission under subsection 72(8) of the Act sets out if the issuer is a reporting issuer and if so, if it is on the list of those reporting issuers that are in default. The Commission relies primarily upon the list of reporting issuers described in subsection (1) and staff's internal review in issuing a certificate as it relates to an issuer's reporting issuer status.
- (3) Despite subsection (2), the Commission's list of reporting issuers is not represented to be, nor can it be, an exhaustive list of reporting issuers given the breadth of the definition of the term "reporting issuer". For example, corporations subject to the requirements of the Business Corporations Act may have offered securities to the public within the meaning of that statute but may not have filed material with the Commission, with the result that they are not included on the Commission's list.

In addition, the Commission does not undertake to review the corporate status of issuers on an ongoing basis, with the result that corporations that have been dissolved may continue to appear on the list of reporting issuers.

- (4) The Commission will respond to oral inquiries as to whether an issuer is a reporting issuer appearing on the list of reporting issuers, but oral responses should not be relied upon. An interested party should obtain a certificate under subsection 72(8) of the Act if the interested party wants a definitive statement as to whether the Commission's records indicate that an issuer is a reporting issuer.

**PART 3 DETERMINATION IF A REPORTING ISSUER IS IN DEFAULT**

**3.1 List of Defaulting Reporting Issuers**

- (1) In responding to inquiries as to whether a reporting issuer is in default, the Commission relies primarily upon the list of defaulting reporting issuers that it maintains under subsection 72(9) of the Act and internal reviews conducted by staff.
- (2) The list of defaulting reporting issuers is available on the Commission's Web site ([www.osc.gov.on.ca](http://www.osc.gov.on.ca)).
- (3) The list of defaulting reporting issuers is also available for public inspection in the offices of the Commission during normal business hours.
- (4) The list of defaulting reporting issuers is categorized to indicate separately those reporting issuers that are in default:

- (a) because of a failure to file financial statements within the time periods prescribed by sections 77 and 78 of the Act;
  - (b) because of a failure to file a required AIF or MD&A;
  - (c) because of a failure to file required proxy materials or a required information circular or report in lieu thereof;
  - (d) because of a failure to pay a fee required by the Act or the regulations;
  - (e) because, even though continuous disclosure documents have been filed within any prescribed time period, they are deficient in one or more of the respects set out in paragraph 4 of subsection 3.3 (2);
  - (f) because of a failure to file an issuer profile supplement in National Instrument 55-102 *System for Electronic Disclosure by Insiders*; or
  - (g) for any other reason.
- (5) The Commission will provide oral confirmation as to whether a reporting issuer is in default based upon the appearance of its name on the list, but oral responses should not be relied upon. An interested party should obtain a certificate of no default if the interested party wants a definitive statement as to whether the Commission's records indicate that a reporting issuer is or is not in default.

**3.2 Minor Non-compliance does not Constitute Default**

- (1) Given that the Act and the regulations contain a large number of requirements applicable to reporting issuers, it is impossible for the Commission to know at any time if there is some minor requirement of the Act or regulations that has been contravened by a reporting issuer.
- (2) A reporting issuer will generally not be considered to be in default unless the reporting issuer is in default of a significant requirement of the Act or the regulations, determined in part with reference to the guidelines set out in subsection 3.3(2).

**3.3 Guidelines as to When Non-compliance Constitutes Default**

- (1) For the purpose of subsection 3.2(2), the Commission is of the view that the significant requirements of the Act and the regulations include the continuous and timely disclosure requirements of the Act and the regulations. The resale restrictions associated with some distributions made in reliance on certain exemptions from the prospectus requirements are premised on the assumption that, since the issuer is a reporting issuer, compliance by it with the continuous and timely disclosure requirements will ensure that current information about the issuer is always available in the marketplace.



(2) The following are some of the guidelines used to determine if an issuer is in default under the continuous and timely disclosure requirements of the Act and the regulations for the purposes of maintaining the list of defaulting reporting issuers under subsection 72(9) of the Act and the issuance of certificates of no default, in each case the relevant facts come to the attention of staff:

1. A reporting issuer that has not filed all required material change reports will be considered to be in default<sup>2</sup>.
2. A reporting issuer that has filed a confidential report of a material change under subsection 75(3) of the Act but does not comply with the obligation to update the Commission under subsection 75(4) of the Act will be considered to be in default.
3. A reporting issuer that has not filed financial statements within the time periods prescribed by sections 77 and 78 of the Act will be considered to be in default.
4. Even though financial statements or other continuous disclosure documents have been filed within any prescribed time periods, a reporting issuer will be considered to be in default if:
  - (i) the financial statements omit a required statement, are not prepared on a comparative basis, or omit an auditor's report;
  - (ii) the auditor's report accompanying the financial statements does not comply with the requirements of generally accepted auditing standards or National Instrument 52-104 Basis of Accounting, Auditing and Reporting, once in force, or, until such time as National Instrument 52-104 is in force, is materially inconsistent with the guidelines of National Policy Statement 50 Reservations In An Auditor's Report ; or
  - (iii) it is determined that some other deficiency in the financial statements or in the issuer's continuous disclosure record is so significant as to constitute default.
5. Subject to compliance with section 82 of the Act, a reporting issuer that has not filed an information circular required by subsection 81(1) of the Act forthwith after it is sent to securityholders or an annual report required by subsection 81(2) within 140 days after the end of the issuer's last financial year will be considered to be in default.
6. A reporting issuer that has not filed a required AIF or MD&A in accordance with

Rule 51-501 AIF and MD&A will be considered to be in default.

7. A reporting issuer that has not paid a fee required by the Act or the regulations will be considered to be in default.
- (3) The guidelines described in subsection 3.3(2) do not represent an exhaustive description of the circumstances in which a reporting issuer may be considered to be in default. A reporting issuer may be considered to be in default for a clear failure to comply with a significant requirement of the Act or regulations, whether or not specifically described in subsection 3.3(2).
- (4) 1. A reporting issuer will generally be notified in advance of any intention to treat the reporting issuer as being in default of any of the requirements described in subsection 3.3(2) or 3.3(3) and the issuer may request a hearing before the Commission on this matter. If the default is not clear and if a Commission hearing is requested within 10 days of that notification, then the issuer will generally not be included on the list of defaulting issuers pending the Commission hearing.
2. Subject to paragraph 3.3(4)3, if the default is clear then, even if the issuer requests a Commission hearing, the issuer could be included on the list of defaulting issuers during the period before the hearing.
  3. If a default described in clause 3.3 (2)4 (iii) or in subsection 3.3(3) is clear and significant then, even if the issuer requests a Commission hearing, the issuer could be included on the list of defaulting issuers during the period before the Commission hearing. Such a determination would be made by the Director and would be made only after appropriate consideration of all facts and circumstances. This would include allowing the issuer an opportunity to present its views on the issue in writing and in person and to discuss those views with Staff, and an opportunity to be heard by the Director. When such a determination is made by the Director, written reasons would be provided to the issuer upon which the issuer can seek from the Commission a hearing and review of the Director's decision.

### 3.4 Ability to Cure an Existing Default

A reporting issuer's name will be removed from the list of defaulting reporting issuers once the default has been cured by the filing of the correct document, the correction of the deficiency in the continuous disclosure record or the remittance of the applicable fee.

3.5 Filing Considerations

- (1) National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) requires, or, in some cases, allows for the electronic transmission of documents to the Commission for filing. The National Instrument provides that a document transmitted electronically using the SEDAR system is filed on the day that the electronic transmission of the document is completed (although in some cases a filing will not trigger time periods under the Act until the next business day if not completed by 5:00 p.m. on the due date).
- (2) The SEDAR system allows a filer to determine whether the electronic transmission of the document has been completed and provides the filer with the date and time of the event. Given the nature of the documents required to be filed electronically using SEDAR, if electronic transmission of a filing required to be made using the SEDAR system is not completed when due and no unanticipated technical difficulties have occurred, the issuer may become a defaulting reporting issuer for purposes of the Act.
- (3) In cases where documents need not be transmitted electronically using the SEDAR system, the mailing or sending of a document to the Commission does not in itself constitute compliance with the filing requirements of the Act or the regulations. A reporting issuer that relies on the postal system may become a defaulting reporting issuer if the mail is delayed or the document is lost in the mail. A reporting issuer that sends a document to the Commission, by facsimile may become a defaulting reporting issuer if the document is not received. The issuer should retain the facsimile verification as evidence that the facsimile was received by the Commission.

- (2) The Commission may issue a modified form of the certificate of no default set out in section 5.1 if circumstances require the inclusion of additional qualifications or otherwise do not permit the issuance of the standard form of certificate.

PART 5 FORM OF CERTIFICATE OF NO DEFAULT UNDER SUBSECTION 72(8) OF THE ACT

5.1 Form of Certificate

ONTARIO SECURITIES COMMISSION CERTIFICATE UNDER SUBSECTION 72(8) OF THE SECURITIES ACT (ONTARIO)

NAME OF ISSUER:

- 1. The above-named issuer is/is not (inapplicable provision is deleted) included in a list of issuers known to the Commission to be reporting issuers.
- 2. (APPLICABLE ONLY IF THE ISSUER IS INCLUDED IN THE LIST OF REPORTING ISSUERS INDICATED IN PARAGRAPH 1.)

The above-named reporting issuer is/is not (inapplicable provision is deleted) included in a list of defaulting reporting issuers maintained by the Commission under subsection 72(9) of the Securities Act (the "Act").

A reader of this Certificate is encouraged to consult Commission Policy 51-601, which contains guidelines and other information relevant to the issuance of this Certificate.

This Certificate relates only to compliance with certain provisions of the Act and the regulations made under the Act. It has no bearing on compliance with other laws or on the financial or other position of the issuer.

While the Commission uses reasonable efforts to ensure the accuracy of this Certificate, it disclaims any responsibility for any claims, demands, actions, suits, losses, costs, damages, expenses and liabilities consequent upon any inaccuracy in this Certificate.

[Date]

ONTARIO SECURITIES COMMISSION

(Signature)

Name

Title

PART 4 AVAILABILITY AND FORM OF CERTIFICATE OF NO DEFAULT

4.1 Who May Request a Certificate

It is the practice of the Commission to accept a request for a certificate of no default from any interested party.

4.2 Issuance of Certificates

The Commission recommends making a request for a certificate of no default at least two business days before the desired date of issuance.

4.3 Form of Certificate

- (1) The general form of certificate of no default issued under subsection 72(8) of the Act is set out in section 5.1.

**5.1.2 NI 21-101, NI 23-101 and OSC Rule 23-501 -  
Regulation of Marketplaces and Trading**

**NOTICE OF FINAL RULES UNDER  
THE SECURITIES ACT  
THE REGULATION OF MARKETPLACES AND TRADING**

**NATIONAL INSTRUMENT 21-101 MARKETPLACE  
OPERATION  
NATIONAL INSTRUMENT 23-101 TRADING RULES  
OSC RULE 23-501 DESIGNATION AS MARKET  
PARTICIPANT  
and  
FORMS 21-101F1, 21-101F2, 21-101F3, 21-101F4, 21-  
101F5 and 21-101F6**

**Introduction**

On October 16, 2001, the Minister of Finance approved National Instrument 21-101 Marketplace Operation, National Instrument 23-101 Trading Rules and OSC Rule 23-501 Designation as Market Participant (the "ATS Rules"). The ATS Rules, Companion Policy 21-101CP and Companion Policy 23-101CP come into force on December 1, 2001.

Related amendments to subsection 152(e) of Regulation 1015 of the Revised Regulations of Ontario, 1990 made under the Securities Act were filed as O.Reg. 393/01 on October 17, 2001 and are expected to be published in the Ontario Gazette on November 3, 2001.

The ATS Rules are published in Chapter 5 of the Bulletin. A summary of the rules was published in the Notice on August 17, 2001 at (2001), 24 OSCB 87 (Supp).

**ATS Rules and International Dealers**

Historically, foreign ATSS have been allowed to access the Ontario market by registering as international dealers. Once the ATS Rules come into force on December 1<sup>st</sup>, a foreign ATS will not be allowed to carry on business as an ATS in Ontario under its international dealer license. Staff expect these entities to have begun the process to become registered as investment dealers and members of the IDA. Staff recognize that come December 1<sup>st</sup>, some of these entities may not have completed this process and we encourage entities that have concerns to contact us to discuss business continuity alternatives.

**ATS Rules and the Fixed Income Market**

The information processor will determine the information that is to be provided under Part 8 of National Instrument 21-101. The details will be finalized after discussions with the CSA. We anticipate that the information processor will initially receive the following information:

for government debt securities and investment grade corporate debt securities, the actual volume if the total par value of the trade is \$2 million or less; for a trade with a par value above \$2 million, the volume will be disseminated at "\$2 million+" ("trade information"); and

the trade information will be provided for a list of benchmark, liquid government and corporate debt securities set by the information processor in consultation with industry participants and according to transparent criteria established by the information processor.

**Questions**

Questions may be referred to any of:

Louyse Gauvin  
Special Advisor to the Chair  
British Columbia Securities Commission  
(604) 899-6538 or (800) 373-6393 (in B.C. or Alberta)

Robert Hudson  
Manager, Capital Markets Regulation  
British Columbia Securities Commission  
(604) 899-6691 or (800) 373-6393 (in B.C. or Alberta)

Glenda Campbell  
Vice-Chair  
Alberta Securities Commission  
(403) 297-4230

Randee Pavalow  
Director, Capital Markets  
Ontario Securities Commission  
(416) 593-8257

Tracey Stern  
Legal Counsel, Market Regulation  
Ontario Securities Commission  
(416) 593-8167

Diane Joly  
Director, Research and Market Development  
Commission des valeurs mobilières du Québec  
(514) 940-2199, ext. 4551

Pierre Godin  
Special Advisor to the Chair  
Commission des valeurs mobilières du Québec  
(514) 940-2199, ext. 4541

Ann Leduc  
Analyst, Regulation  
Direction de la recherche et du développement des marchés  
Commission des valeurs mobilières du Québec  
(514) 940-2199, ext 4572

**NATIONAL INSTRUMENT 21-101  
MARKETPLACE OPERATION**

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**NATIONAL INSTRUMENT 21-101  
 MARKETPLACE OPERATION**

**PART 1 DEFINITIONS AND INTERPRETATION**

**1.1 Definitions - In this Instrument**

"alternative trading system" means a marketplace that

(a) is not a recognized quotation and trade reporting system or a recognized exchange, and

(b) does not

(i) require an issuer to enter into an agreement to have its securities traded on the marketplace,

(ii) provide, directly, or through one or more subscribers, a guarantee of a two-sided market for a security on a continuous or reasonably continuous basis,

(iii) set requirements governing the conduct of subscribers, other than conduct in respect of the trading by those subscribers on the marketplace, and

(iv) discipline subscribers other than by exclusion from participation in the marketplace;

"ATS" means an alternative trading system;

"corporate debt security" means a debt security issued in Canada by a company or corporation that is not listed on a recognized exchange or quoted on a recognized quotation and trade reporting system or listed on an exchange or quoted on a quotation and trade reporting system that has been recognized for the purposes of this Instrument and NI 23-101, and does not include a government debt security;

"exchange-traded security" means a security that is listed on a recognized exchange or is quoted on a recognized quotation and trade reporting system or is listed on an exchange or quoted on a quotation and trade reporting system that is recognized for the purposes of this Instrument and NI 23-101;

"foreign exchange-traded security" means a security that is listed only on an exchange, or quoted only on a quotation and trade reporting system, outside of Canada that is regulated by an ordinary member of the International Organization of Securities Commissions;

"government debt security" means

(a) a debt security issued or guaranteed by the government of Canada, or any province or territory of Canada, the government of any foreign country or any political division thereof,

(b) a debt security of any municipal corporation in Canada, or

(c) a debt security of a crown corporation

that is not listed on a recognized exchange or quoted on a recognized quotation and trade reporting system or listed on an exchange or quoted on a quotation and trade reporting system that has been recognized for the purposes of this Instrument and NI 23-101;

"IDA" means the Investment Dealers Association of Canada;

"information processor" means any person or company that receives and provides information under this Instrument and has filed Form 21-101F5;

"inter-dealer bond broker" means a person or company that is approved by the IDA under IDA By-Law No. 36 Inter-Dealer Bond Brokerage Systems, as amended, and is subject to IDA By-law No. 36 and IDA Regulation 2100 Inter-Dealer Bond Brokerage Systems, as amended;

"market integrator" means a person or company that facilitates access to orders in accordance with Part 9;

"marketplace" means

(a) an exchange,

(b) a quotation and trade reporting system,

(c) a person or company not included in paragraph (a) or (b) that

(i) constitutes, maintains or provides a market or facility for bringing together buyers and sellers of securities,

(ii) brings together the orders for securities of multiple buyers and sellers, and

(iii) uses established, non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade, or

(d) a dealer that executes a trade of an exchange-traded security outside of a marketplace,

but does not include an inter-dealer bond broker;

"marketplace participant" means a member of an exchange, a user of a quotation and trade reporting system, or a subscriber of an ATS;

"member" means, for a recognized exchange,

(a) a person or company holding at least one seat on the exchange, or

(b) a registrant that has been granted direct trading access rights by the exchange and is subject to regulatory oversight by the exchange;

"NI 23-101" means National Instrument 23-101 Trading Rules;

"order" means a firm indication by a person or company, acting as either principal or agent, of a willingness to buy or sell a security;

"recognized exchange" means

(a) in Ontario, an exchange recognized by the securities regulatory authority to carry on business as a stock exchange,

(b) in Quebec, an exchange recognized by the securities regulatory authority as a self-regulatory organization, and

(c) in every other jurisdiction, an exchange recognized by the securities regulatory authority as an exchange, self-regulatory organization or self-regulatory body;

"recognized quotation and trade reporting system" means

(a) in every jurisdiction other than British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation to carry on business as a quotation and trade reporting system, and

(b) in British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation as a quotation and trade reporting system or as an exchange;

"regulation services provider" means a person or company that provides regulation services and is

(a) a recognized exchange,

(b) a recognized quotation and trade reporting system, or

(c) a recognized self-regulatory entity;

"self-regulatory entity" means a self-regulatory body or self-regulatory organization that

(a) is not an exchange, and

(b) is recognized as a self-regulatory body or self-regulatory organization by the securities regulatory authority;

"subscriber" means, for an ATS, a person or company that has entered into a contractual agreement with the ATS to access the ATS for the purpose of effecting trades or submitting, disseminating or displaying orders on the ATS;

"trading volume" means the number of securities traded;

"transaction fee" means the fee that a marketplace charges for execution of a trade on that marketplace;

"unlisted debt security" means a government debt security or corporate debt security; and

"user" means, for a recognized quotation and trade reporting system, a person or company that quotes orders or reports trades on the recognized quotation and trade reporting system.

**1.2 Interpretation - Marketplace** - For the purpose of the definition of "marketplace" in section 1.1, a person or company is not considered to constitute, maintain or provide a market or facilities for bringing together buyers and sellers of securities, solely because the person or company routes orders to a marketplace or a dealer for execution.

**1.3 Interpretation - Affiliated Entity, Controlled Entity and Subsidiary Entity**

(1) In this Instrument, a person or company is considered to be an affiliated entity of another person or company if one is a subsidiary entity of the other or if both are subsidiary entities of the same person or company, or if each of them is a controlled entity of the same person or company.

(2) In this Instrument, a person or company is considered to be controlled by a person or company if

(a) in the case of a person or company,

(i) voting securities of the first-mentioned person or company carrying more than 50 percent of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or company, and

(ii) the votes carried by the securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned person or company;

(b) in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned person or company holds more than 50 percent of the interests in the partnership; or

(c) in the case of a limited partnership, the general partner is the second-mentioned person or company.

(3) In this Instrument, a person or company is considered to be a subsidiary entity of another person or company if

(a) it is a controlled entity of,

(i) that other,

(ii) that other and one or more persons or companies each of which is a controlled entity of that other, or

(iii) two or more persons or companies, each of which is a controlled entity of that other; or

(b) it is a subsidiary entity of a person or company that is the other's subsidiary entity.

**1.4 Interpretation - Security**

(1) In Alberta and British Columbia, the term "security", when used in this Instrument, includes an option that is an exchange contract but does not include a futures contract.

(2) In Ontario, the term "security", when used in this Instrument, does not include a commodity futures contract or a commodity futures option that is not traded on a commodity futures exchange registered with or recognized by the Commission under the Commodity Futures Act or the form of which is not accepted by the Director under the Commodity Futures Act.

## PART 2 APPLICATION

**2.1 Application** - This Instrument does not apply to a marketplace that is a member of a recognized exchange or a member of an exchange that has been recognized for the purposes of this Instrument and NI 23-101.

## PART 3 EXCHANGE - RECOGNITION

**3.1 Application for Recognition**

(1) An applicant for recognition as an exchange shall file Form 21-101F1.

(2) An applicant for recognition as an exchange shall inform in writing the securities regulatory authority immediately of any change to the information provided in Form 21-101F1, and the applicant shall file an amendment to the information provided in Form 21-101F1 in the manner set out in Form 21-101F1 no later than seven days after the change takes place.

**3.2 Change in Information After Recognition**

(1) At least 45 days before implementing a significant change to a matter set out in Form 21-101F1, a recognized exchange shall file

- (a) if the exchange was recognized before this Instrument came into force, the information describing the change in the manner set out in Form 21-101F1; or
  - (b) if the exchange is recognized after this Instrument comes into force, an amendment to the information provided in Form 21-101F1 in the manner set out in Form 21-101F1.
- (2) If a recognized exchange implements a change involving a matter set out in Form 21-101F1, other than a change referred to in subsection (1), the recognized exchange shall, within 30 days after the end of the calendar quarter in which the change takes place, file
- (a) if the exchange was recognized before this Instrument came into force, the information describing the change in the manner set out in Form 21-101F1; or
  - (b) if the exchange is recognized after this Instrument comes into force, an amendment to the information provided in Form 21-101F1 in the manner set out in Form 21-101F1.
- (3) Subsection (2) does not apply to a change to a matter set out in Exhibits F and O of Form 21-101F1.

#### **PART 4 QUOTATION AND TRADE REPORTING SYSTEM - RECOGNITION**

##### **4.1 Application for Recognition**

- (1) An applicant for recognition as a quotation and trade reporting system shall file Form 21-101F1.
- (2) An applicant for recognition as a quotation and trade reporting system shall inform in writing the securities regulatory authority immediately of any change to the information provided in Form 21-101F1 and the applicant shall file an amendment to the information provided in Form 21-101F1 in the manner set out in Form 21-101F1 no later than seven days after the change takes place.

##### **4.2 Change in Information After Recognition**

- (1) At least 45 days before implementing a significant change to a matter set out in Form 21-101F1, a recognized quotation and trade reporting system shall file an amendment to the information provided in Form 21-101F1 in the manner set out in Form 21-101F1.
- (2) If a recognized quotation and trade reporting system implements a change involving a matter set out in Form 21-101F1, other than a change referred to in subsection (1), the recognized

quotation and trade reporting system shall, within 30 days after the end of the calendar quarter in which the change takes place, file an amendment to the information provided in Form 21-101F1 in the manner set out in Form 21-101F1.

#### **PART 5 REQUIREMENTS APPLICABLE ONLY TO RECOGNIZED EXCHANGES AND RECOGNIZED QUOTATION AND TRADE REPORTING SYSTEMS**

##### **5.1 Access Requirements - A recognized exchange and a recognized quotation and trade reporting system shall**

- (a) establish written standards for granting access to trading on it;
- (b) not unreasonably prohibit, condition or limit access by a person or company to services offered by it; and
- (c) keep records of
  - (i) each grant of access including, for each member in the case of an exchange and for each user in the case of a quotation and trade reporting system, the reasons for granting access to an applicant, and
  - (ii) each denial or limitation of access, including the reasons for denying or limiting access to an applicant.

##### **5.2 No Restrictions on Trading on Another Marketplace - A recognized exchange or recognized quotation and trade reporting system shall not prohibit, condition, or otherwise limit, directly or indirectly, a member or user from effecting a transaction on any marketplace.**

##### **5.3 Public Interest Rules**

- (1) Rules, policies and other similar instruments adopted by a recognized exchange or a recognized quotation and trade reporting system
  - (a) shall not be contrary to the public interest; and
  - (b) shall be designed to
    - (i) ensure compliance with securities legislation,
    - (ii) prevent fraudulent and manipulative acts and practices,
    - (iii) promote just and equitable principles of trade, and
    - (iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling,



processing information with respect to, and facilitating, transactions in securities.

- (2) A recognized exchange or a recognized quotation and trade reporting system shall not
  - (a) permit unreasonable discrimination among clients, issuers and members or among clients, issuers and users; or
  - (b) impose any burden on competition that is not reasonably necessary and appropriate.

**5.4 Compliance Rules** - A recognized exchange or a recognized quotation and trade reporting system shall have rules or other similar instruments that

- (a) require compliance with securities legislation; and
- (b) provide appropriate sanctions for violations of the rules or other similar instruments of the exchange or quotation and trade reporting system.

**5.5 Filing of Rules** - A recognized exchange or a recognized quotation and trade reporting system shall file all rules, policies and other similar instruments, and all amendments thereto.

**5.6 Filing of Annual Audited Financial Statements** - A recognized exchange or a recognized quotation and trade reporting system shall file annual audited financial statements within 90 days after the end of its latest financial year.

#### **PART 6 REQUIREMENTS APPLICABLE ONLY TO ATSs**

**6.1 Registration** - An ATS shall not carry on business as an ATS unless

- (a) it is registered as a dealer;
- (b) it is a member of a self-regulatory entity; and
- (c) it complies with the provisions of this Instrument and NI 23-101.

**6.2 Registration Exemption Not Available** - The registration exemptions listed in Appendix A are not available to an ATS.

**6.3 Securities Permitted to be Traded on an ATS** - An ATS shall not execute trades in securities other than

- (a) exchange-traded securities;
- (b) corporate debt securities;
- (c) government debt securities; or
- (d) foreign exchange-traded securities.

#### **6.4 Reporting Requirements**

- (1) An ATS shall file an initial operation report on Form 21-101F2 at least 30 days before the ATS begins to carry on business as an ATS.
- (2) At least 45 days before implementing a significant change to a matter set out in Form 21-101F2, an ATS shall file an amendment to the information provided in Form 21-101F2 in the manner set out in Form 21-101F2.
- (3) If an ATS implements a change involving a matter set out in Form 21-101F2, other than a change referred to in subsection (2), the ATS shall, within 30 days after the end of the calendar quarter in which the change takes place, file an amendment to the information provided in Form 21-101F2 in the manner set out in Form 21-101F2.
- (4) An ATS shall file Form 21-101F3 within 30 days after the end of each calendar quarter during any part of which the ATS has carried on business.

#### **6.5 Ceasing to Carry on Business as an ATS**

- (1) An ATS that intends to cease carrying on business as an ATS shall file a report on Form 21-101F4 at least 30 days before ceasing to carry on that business.
- (2) An ATS that involuntarily ceases to carry on business as an ATS shall file a report on Form 21-101F4 as soon as practicable after it ceases to carry on that business.

**6.6 Notification of Intent to Carry on Exchange Activities** - An ATS shall notify the securities regulatory authority in writing at least six months before it first

- (a) requires an issuer to enter into an agreement before the issuer's securities can trade on the ATS;
- (b) provides, directly, or through one or more subscribers, a guarantee of a two-sided market for a security on a continuous or reasonably continuous basis;
- (c) sets requirements governing the conduct of subscribers, other than conduct in respect of the trading by those subscribers on the ATS; or
- (d) establishes procedures for disciplining subscribers other than by exclusion from trading.

#### **6.7 Notification of Threshold**

- (1) An ATS shall notify the securities regulatory authority in writing if,

- (a) during at least three of the preceding four calendar quarters, the average daily dollar value of the trading volume on the ATS for a calendar quarter in any type of security is equal to or greater than 20 percent of the average daily dollar value of the trading volume for the calendar quarter in that type of security on all marketplaces in Canada;
  - (b) during at least three of the preceding four calendar quarters, the total trading volume on the ATS for a calendar quarter in any type of security is equal to or greater than 20 percent of the total trading volume for the calendar quarter in that type of security on all marketplaces in Canada; or
  - (c) during at least three of the preceding four calendar quarters, the number of trades on the ATS for a calendar quarter in any type of security is equal to or greater than 20 percent of the number of trades for the calendar quarter in that type of security on all marketplaces in Canada.
- (2) An ATS shall provide the notice referred to in subsection (1) within 90 days after the threshold referred to in subsection (1) is met or exceeded.

**6.8 Confidential Treatment of Trading Information**

- (1) An ATS shall not release a subscriber's trading information to a person or company, other than the subscriber, unless
  - (a) the subscriber has consented in writing to the release of the information;
  - (b) the release of the information is required by this instrument or under applicable law; or
  - (c) the information has been publicly disclosed by another person or company, and the disclosure was lawful.
- (2) An ATS shall not carry on business as an ATS unless it has implemented reasonable safeguards and procedures to protect a subscriber's trading information, including
  - (a) limiting access to the trading information of subscribers to
    - (i) employees of the ATS, or
    - (ii) persons or companies retained by the ATS to operate the system or to be responsible for compliance by the ATS with Canadian securities legislation; and
  - (b) implementing standards controlling trading by employees of the ATS for their own accounts.

- (3) An ATS shall not carry on business as an ATS unless it has implemented adequate oversight procedures to ensure that the safeguards and procedures established under subsection (2) are followed.

**6.9 Name** - An ATS shall not use in its name the word "exchange", the words "stock market", the word "bourse" or any derivations of those terms.

**6.10 Risk Disclosure for Trades in Foreign Exchange-Traded Securities**

- (1) When opening an account for a subscriber, an ATS that is trading foreign exchange-traded securities shall provide that subscriber with disclosure in substantially the following words:

The securities traded by or through [the ATS] are not listed on an exchange in Canada and may not be securities of a reporting issuer in Canada. As a result, there is no assurance that information concerning the issuer is available or, if the information is available, that it meets Canadian disclosure requirements.

- (2) Before the first order for a foreign exchange-traded security is entered onto the ATS by a subscriber, the ATS shall obtain an acknowledgement from the subscriber that the subscriber has received the disclosure required in subsection (1).

**6.11 Risk Disclosure to Non-Registered Subscribers**

- (1) When opening an account for a subscriber that is not registered as a dealer under securities legislation, an ATS shall provide that subscriber with disclosure in substantially the following words:

Although the ATS is registered as a dealer under securities legislation, it is a marketplace and therefore does not ensure best execution for its subscribers.

- (2) Before the first order submitted by a subscriber that is not registered as a dealer under securities legislation is entered onto the ATS by the subscriber, the ATS shall obtain an acknowledgement from that subscriber that the subscriber has received the disclosure required in subsection (1).

**6.12 No Restrictions on Trading on Another Marketplace** - An ATS shall not prohibit, condition, or otherwise limit, directly or indirectly, a subscriber from effecting a transaction on any marketplace.

**PART 7 INFORMATION TRANSPARENCY REQUIREMENTS FOR MARKETPLACES DEALING IN EXCHANGE-TRADED SECURITIES AND FOREIGN EXCHANGE-TRADED SECURITIES**

**7.1 Pre-trade Information Transparency – Exchange-Traded Securities and Foreign Exchange-Traded Securities**

- (1) A marketplace that displays orders of exchange-traded securities or foreign exchange-traded securities to a person or company shall provide to an information processor accurate and timely information regarding orders for the exchange-traded securities and orders for the foreign exchange-traded securities displayed on the marketplace as required by the information processor.
- (2) Subsection (1) does not apply if the marketplace only displays orders to its employees or to persons or companies retained by the marketplace to assist in the operation of the marketplace.

**7.2 Post-trade Information Transparency – Exchange-Traded Securities and Foreign Exchange-Traded Securities - A marketplace shall provide to an information processor accurate and timely information regarding details of all trades of exchange-traded securities and foreign exchange-traded securities executed on the marketplace as required by the information processor.**

**7.3 Consolidated Feed – Exchange-Traded Securities and Foreign Exchange-Traded Securities - An information processor shall produce a consolidated feed in real-time showing the information provided to the information processor under subsection 7.1(1) and section 7.2.**

**7.4 Compliance with Requirements of an Information Processor - A marketplace that is subject to this Part shall comply with the reasonable requirements of the information processor to which it is required to provide information under this Part.**

**7.5 Exemption from Information Transparency Requirements for Marketplaces Trading Exchange-Traded Securities and Foreign Exchange-Traded Securities**

- (1) Sections 7.1, 7.2 and 7.4 do not apply to a marketplace if the marketplace provides order and trade information to an information vendor.
- (2) Subsection (1) does not apply after December 31, 2003.

**PART 8 INFORMATION TRANSPARENCY REQUIREMENTS FOR MARKETPLACES DEALING IN UNLISTED DEBT SECURITIES, INTER-DEALER BOND BROKERS AND DEALERS**

**8.1 Pre-trade Information Transparency – Unlisted Debt Securities Traded on a Marketplace**

- (1) A marketplace that displays orders of unlisted debt securities to a person or company shall provide to an information processor accurate and timely information regarding orders for the unlisted debt securities displayed on the marketplace as required by the information processor.
- (2) Subsection (1) does not apply if the marketplace only displays orders to its own employees or to persons or companies retained by the marketplace to assist in its operations.

**8.2 Post-trade Information Transparency – Unlisted Debt Securities Traded on a Marketplace - A marketplace shall provide to an information processor accurate and timely information regarding details of all trades of unlisted debt securities executed on the marketplace as required by the information processor.**

**8.3 Pre-trade Information Transparency – Government Debt Securities Traded Through an Inter-Dealer Bond Broker - An inter-dealer bond broker shall provide to an information processor accurate and timely information regarding orders for government debt securities traded through the inter-dealer bond broker as required by the information processor.**

**8.4 Post-trade Information Transparency – Unlisted Debt Securities Traded Through an Inter-Dealer Bond Broker - An inter-dealer bond broker shall provide to an information processor accurate and timely information regarding details of trades of unlisted debt securities executed through the inter-dealer bond broker as required by the information processor.**

**8.5 Post-trade Information Transparency – Corporate Debt Securities Traded By or Through a Dealer - A dealer executing trades of corporate debt securities outside of a marketplace shall provide to an information processor accurate and timely information regarding details of trades of corporate debt securities traded by or through the dealer as required by the information processor.**

**8.6 Consolidated Feed – Unlisted Debt Securities - An information processor shall produce a consolidated feed in real-time showing the information provided to the information processor under sections 8.1, 8.2, 8.3, 8.4 and 8.5.**

**8.7 Compliance with Requirements of an Information Processor - A marketplace, inter-dealer bond broker or dealer that is subject to this Part shall comply with**

the reasonable requirements of the information processor to which it is required to provide information under this Part.

**PART 9 MARKET INTEGRATION FUNCTION FOR MARKETPLACES**

**9.1 Definitions - In this Part,**

"previous principal market" means the marketplace that was the principal market for the preceding calendar year;

"principal market" means, for a security, the marketplace most recently identified as the principal market for the security in

- (a) a notice of the securities regulatory authority; or
- (b) a publication of an information processor made under paragraph 9.3(1)(c).

**9.2 Market Integration**

(1) Before January 1, 2004, a marketplace that is subject to subsection 7.1(1) or subsection 8.1(1) shall not execute a trade of a security unless it has an electronic connection to the principal market for that security.

(2) On and after January 1, 2004, before executing a trade on its system, a marketplace that is subject to subsection 7.1(1) or subsection 8.1(1) shall

- (a) if a market integrator exists,
  - (i) enter into an agreement with a market integrator to comply with the requirements of the market integrator to provide access to orders displayed through an information processor, and
  - (ii) comply with the requirements set by the market integrator; or
- (b) if no market integrator exists, establish and maintain an electronic connection to all other marketplaces trading the same securities.

**9.3 Determination of the Principal Market**

(1) If, during a calendar year, an information processor receives information regarding a security traded on a marketplace, the information processor shall, within 30 days of the end of the calendar year,

- (a) identify the marketplace that had the largest trading volume for that security in that calendar year;

(b) notify in writing each marketplace that trades that security of the name of the marketplace determined under paragraph (a); and

(c) make the name of the marketplace determined to be the principal market under paragraph (a) publicly available.

(2) Subsection 9.2(1) does not apply if

- (a) the principal market for the security is different from the previous principal market,
- (b) the marketplace has an electronic connection to the previous principal market for the security, and
- (c) the trade occurs within 30 days of the date the marketplace received written notification of the principal market from the information processor or the securities regulatory authority.

(3) Subsections (1) and (2) do not apply after December 31, 2003.

**9.4 Requirements for Marketplaces**

(1) When receiving an order from another marketplace, the marketplace receiving the order shall apply its own rules to the execution of that order.

(2) A marketplace shall provide to marketplace participants of any other marketplace access to the orders about which information is provided to an information processor that is equivalent to the access that the marketplace provides to its own marketplace participants.

**PART 10 DISCLOSURE OF TRANSACTION FEES FOR MARKETPLACES**

**10.1 Disclosure of Transaction Fees for Marketplaces**  
- If a marketplace charges a transaction fee to participants of another marketplace to execute a trade by accessing an order on the first marketplace that is displayed through an information processor, the marketplace shall disclose a schedule of all transaction fees to the information processor.

**10.2 Exemption**

(1) Section 10.1 does not apply to a marketplace with respect to trades in exchange-traded securities and foreign exchange-traded securities if the marketplace makes its schedule of all transaction fees publicly available.

(2) Subsection (1) does not apply after December 31, 2003.

**PART 11 RECORDKEEPING REQUIREMENTS FOR MARKETPLACES**

**11.1 Business Records** - A marketplace shall keep such books, records and other documents as are reasonably necessary for the proper recording of its business.

**11.2 Other Records**

(1) In addition to the records required to be maintained under section 11.1, a marketplace shall keep the following information:

(a) a record of all marketplace participants who have been granted access to trading in the marketplace;

(b) daily trading summaries for the marketplace, in electronic form, including

(i) a list of securities traded,

(ii) transaction volumes

(A) for securities other than debt securities, expressed as the number of issues traded, number of trades, total unit volume and total dollar value of trades and, if the price of the securities traded is quoted in a currency other than Canadian dollars, the total value in that other currency, and

(B) for debt securities, expressed as the number of trades and total dollar value traded and, if the price of the securities traded is quoted in a currency other than Canadian dollars, the total value in that other currency,

(c) a record of each order which shall include

(i) the order identifier assigned to the order by the marketplace,

(ii) the marketplace participant identifier assigned to the marketplace participant transmitting the order,

(iii) the identifier assigned to the marketplace where the order is received or originated,

(iv) the type, issuer, class, series and symbol of the security,

(v) the number of securities to which the order applies,

(vi) the strike date and strike price, if applicable,

(vii) whether the order is a buy or sell order,

(viii) whether the order is a short sale order, if applicable,

(ix) whether the order is a market order, limit order or other type of order, and if the order is not a market order, the price at which the order is to trade,

(x) the date and time the order is first originated or received by the marketplace,

(xi) whether the account is a retail, wholesale, employee, proprietary or any other type of account,

(xii) the client account number or client identifier,

(xiii) the date and time the order expires,

(xiv) whether the order is an intentional cross,

(xv) whether the order is a jitney and if so, the identifier of the underlying broker,

(xvi) if the order is varied, corrected or cancelled, the date and time the order was varied, corrected or cancelled and whether the order was varied, corrected or cancelled on the instructions of the client or the dealer and if varied or corrected, any of the information required by this subsection that has been varied or corrected,

(xvii) the currency of the order,

(xviii) any client instructions or consents respecting the handling or trading of the order; and

(d) in addition to the record maintained in accordance with paragraph (c), all execution report details of orders, including

(i) the identifier assigned to the marketplace where the order was executed,

(ii) whether the order was fully or partially executed,

(iii) the number of securities bought or sold,

(iv) the date and time of the execution of the order,

(v) the price at which the order was executed,

- (vi) the identifier assigned to the marketplace participant on each side of the trade,
  - (vii) whether the transaction was a cross,
  - (viii) time-sequenced records of all messages sent to or received from an information processor, the market integrator or any other marketplace,
  - (ix) the marketplace transaction fee for each trade.
- (2) An ATS, a recognized exchange, or a recognized quotation and trade reporting system, that has entered into an agreement with a regulation services provider in accordance with NI 23-101 shall transmit in electronic form to a regulation services provider information required by the regulation services provider in the format and at the time required by the regulation services provider.

**11.3 Record Preservation Requirements**

- (1) For a period of not less than seven years from the creation of a record referred to in this section, and for the first two years in a readily accessible location, a marketplace shall keep
- (a) all records required to be made under sections 11.1 and 11.2;
  - (b) at least one copy of its standards for granting access to trading, if any, all records relevant to its decision to grant, deny or limit access to a person or company and, if applicable, all other records made or received by the marketplace in the course of complying with section 5.1;
  - (c) at least one copy of all records made or received by the marketplace in the course of complying with section 12.1, including all correspondence, memoranda, papers, books, notices, accounts, reports, test scripts, test results, and other similar records;
  - (d) all written notices provided by the marketplace to marketplace participants generally, including notices addressing hours of system operations, system malfunctions, changes to system procedures, maintenance of hardware and software, instructions pertaining to access to the marketplace and denials of, or limitation to, access to the marketplace;
  - (e) the acknowledgement obtained under subsection 6.10(2) or 6.11(2);
  - (f) a copy of the agreement referred to in section 8.4 of NI 23-101; and

- (g) a copy of any agreement referred to in subsections 13.1(2) and 13.1(3).
- (2) During the period in which a marketplace is in existence, the marketplace shall keep
- (a) all organizational documents, minute books and stock certificate books;
  - (b) in the case of a recognized exchange, copies of all forms filed under Part 3;
  - (c) in the case of a recognized quotation and trade reporting system, copies of all forms filed under Part 4; and
  - (d) in the case of an ATS, copies of all forms filed under sections 6.4 and 6.5 and notices given under sections 6.6 and 6.7.

**11.4 Means of Record Preservation - A marketplace may keep all records, documents and forms referred to in this Part by means of mechanical, electronic or other devices, if**

- (a) the method of recordkeeping is not prohibited under other applicable law;
- (b) the marketplace takes reasonable precautions, appropriate to the means used, to govern against the risk of falsification of the information recorded; and
- (c) the marketplace provides a means for making the information available in an accurate and intelligible form, capable of being printed, within a reasonable time to any person or company lawfully entitled to examine the records.

**11.5 Synchronization of Clocks**

- (1) A marketplace trading exchange-traded securities or foreign exchange-traded securities, an information processor receiving information about those securities, a dealer trading those securities and a regulation services provider monitoring the activities of marketplaces trading those securities shall synchronize the clocks used for recording or monitoring the time and date of any event that must be recorded under this Part and under NI 23-101.
- (2) A marketplace trading corporate debt securities or government debt securities, an information processor receiving information about those securities, a dealer trading those securities, an inter-dealer bond broker trading those securities and a regulation services provider monitoring the activities of marketplaces, inter-dealer bond brokers or dealers trading those securities shall synchronize the clocks used for recording or monitoring the time and date of any event that must be recorded under this Part and under NI 23-101.

**PART 12 CAPACITY, INTEGRITY AND SECURITY OF MARKETPLACE SYSTEMS**

**12.1 System Requirements** - Subject to section 12.2, a marketplace shall, for each of its systems that support order entry, order routing, execution, trade reporting and trade comparison,

- (a) on a reasonably frequent basis, and in any event, at least annually,
  - (i) make reasonable current and future capacity estimates,
  - (ii) conduct capacity stress tests of critical systems to determine the ability of those systems to process transactions in an accurate, timely and efficient manner,
  - (iii) develop and implement reasonable procedures to review and keep current the development and testing methodology of those systems,
  - (iv) review the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters, and
  - (v) establish reasonable contingency and business continuity plans;
- (b) annually, cause to be performed an independent review and prepare a report, in accordance with established audit procedures and standards, of its controls for ensuring that it is in compliance with paragraph (a), and conduct a review by senior management of the report containing the recommendations and conclusions of the independent review; and
- (c) promptly notify the securities regulatory authority of any material systems failures.

**12.2 Application** - Paragraphs 12.1(b) and 12.1(c) do not apply to an ATS unless, during at least three of the preceding four calendar quarters, the total trading volume on the ATS for a calendar quarter in any type of security is equal to or greater than 20 percent of the total trading volume for the calendar quarter in that type of security on all marketplaces in Canada.

**PART 13 CLEARING AND SETTLEMENT**

**13.1 Clearing and Settlement**

- (1) All trades executed through an ATS shall be reported and settled through a clearing agency.
- (2) For a trade executed through an ATS by a subscriber that is registered as a dealer under securities legislation, the ATS and its subscriber shall enter into an agreement that specifies

whether the trade shall be reported and settled by

- (a) the ATS;
  - (b) the subscriber; or
  - (c) an agent for the subscriber that is a clearing member of a clearing agency.
- (3) For a trade executed through an ATS by a subscriber that is not registered as a dealer under securities legislation, an ATS and its subscriber shall enter into an agreement that specifies whether the trade shall be reported and settled by
- (a) the ATS; or
  - (b) an agent for the subscriber that is a clearing member of a clearing agency.

**PART 14 REQUIREMENTS FOR AN INFORMATION PROCESSOR**

**14.1 Filing Requirements for an Information Processor**

- (1) A person or company that intends to carry on business as an information processor shall file Form 21-101F5 at least 90 days before the information processor begins to carry on business as an information processor.
- (2) During the 90 day period referred to in subsection (1), a person or company that files Form 21-101F5 shall inform in writing the securities regulatory authority immediately of any change to the information provided in Form 21-101F5 and the person or company shall file an amendment to the information provided in Form 21-101F5 in the manner set out in Form 21-101F5 no later than seven days after a change takes place.

**14.2 Change in Information**

- (1) At least 45 days before implementing a significant change involving a matter set out in Form 21-101F5, an information processor shall file an amendment to the information provided in Form 21-101F5 in the manner set out in Form 21-101F5.
- (2) If an information processor implements a change involving a matter set out in Form 21-101F5, other than a change referred to in subsection (1), the information processor shall, within 30 days after the end of the calendar quarter in which the change takes place, file an amendment to the information provided in Form 21-101F5 in the manner set out in Form 21-101F5.

**14.3 Ceasing to Carry on Business as an Information Processor**

- (1) If an information processor intends to cease carrying on business as an information processor, the information processor shall file a report on Form 21-101F6 at least 30 days before ceasing to carry on that business.
- (2) If an information processor involuntarily ceases to carry on business as an information processor, the information processor shall file a report on Form 21-101F6 as soon as practicable after it ceases to carry on that business.

**14.4 Requirements Applicable to an Information Processor**

- (1) An information processor shall enter into an agreement with each marketplace, inter-dealer bond broker and dealer that is required to provide information to the information processor that the marketplace, inter-dealer bond broker or dealer will
  - (a) provide information to the information processor in accordance with Part 7 or 8, as applicable; and
  - (b) comply with any other reasonable requirements set by the information processor.
- (2) An information processor shall provide timely, accurate, reliable and fair collection, processing, distribution and publication of information for orders for, and trades in, securities.
- (3) An information processor shall keep such books, records and other documents as are reasonably necessary for the proper recording of its business.
- (4) An information processor shall establish in a timely manner an electronic connection to a marketplace, inter-dealer bond broker or dealer that is required to provide information to the information processor.
- (5) An information processor shall provide prompt and accurate order and trade information and shall not unreasonably restrict fair access to such information.

**14.5 System Requirements – An information processor shall**

- (a) on a reasonably frequent basis, and in any event, at least annually,
  - (i) make reasonable current and future capacity estimates for each of its systems,
  - (ii) conduct capacity stress tests of critical systems to determine the ability of those

systems to process information in an accurate, timely and efficient manner,

- (iii) develop and implement reasonable procedures to review and keep current the development and testing methodology of those systems,
  - (iv) review the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters, and
  - (v) establish reasonable contingency and business continuity plans;
- (b) annually, cause to be performed an independent review and prepare a report, in accordance with established audit procedures and standards, of its controls for ensuring that it is in compliance with paragraph (a), and conduct a review by senior management of the report containing the recommendations and conclusions of the independent review; and
  - (c) promptly notify the securities regulatory authority of any material systems failures.

**PART 15 EXEMPTION**

**15.1 Exemption**

- (1) The regulator or the 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.

**PART 16 EFFECTIVE DATE**

- 16.1 Effective Date – This Instrument comes into force on December 1, 2001.**



**APPENDIX A  
TO  
NATIONAL INSTRUMENT 21-101  
MARKETPLACE OPERATION**

Alberta - section 65(1)(j) of the Securities Act, S.A. 1981, c. S-6.1.

British Columbia - section 45(2)(7) of the Securities Act, R.S.B.C. 1996, c. 418.

Saskatchewan - section 39(1)(j) of the Securities Act, S.S. 1988, c. S-42.2.

Manitoba - section 19(1)(g) of the Securities Act, R.S.M. 1988, c. S50.

Ontario - paragraph 35(1)10 of the Securities Act, R.S.O. 1990, c. S-5.

Quebec - no applicable provision.

Nova Scotia - section 41(1)(j) of the Securities Act, R.S.N.S. 1989, c. 418.

Newfoundland - section 36(1)(j) of the Securities Act, R.S.N. 1990, c. S-13.

New Brunswick - no applicable provision.

Prince Edward Island - section 2(3)(h) of the Securities Act, R.S.P.E.I. 1988, c. S-3.

Yukon Territory - section 2(b) of the Securities Act, R.S.Y. 1986, c. 158.

Northwest Territories - section 2(b) of the Securities Act, R.S.N.W.T. 1988, c. S-5.

Nunavut - section 2(b) of the Securities Act, R.S.N.W.T. 1988, c. S-5.

NATIONAL INSTRUMENT 21-101

FORM 21-101F1  
INFORMATION STATEMENT  
EXCHANGE OR QUOTATION AND TRADE REPORTING SYSTEM

Filer:             EXCHANGE             QUOTATION AND TRADE REPORTING SYSTEM

Type of Filing:  INITIAL             AMENDMENT

1. Full name:
2. Main street address (do not use a P.O. box):
3. Mailing address (if different):
4. Address of head office (if different from address in item 2):
5. Business telephone and facsimile number:  
  
(Telephone)                      (Facsimile)
6. Website address:
7. Contact employee:  
  
(Name and Title)      (Telephone Number)      (Facsimile)      (E-mail address)
8. Counsel:  
  
(Firm Name)      (Contact Name)      (Telephone Number)      (Facsimile)      (E-mail address)
9. Date of financial year-end:
10. Legal status:     Corporation             Sole Proprietorship  
 Partnership     Other (specify):

Except where the exchange or quotation and trade reporting system is a sole proprietorship, indicate the date and place where the exchange or quotation and trade reporting system obtained its legal status (e.g., place of incorporation, place where partnership agreement was filed or where exchange or quotation and trade reporting system entity was formed):

- (a) Date (DD/MM/YYYY): \_\_\_\_\_ (b) Place of formation:  
  
(c) Statute under which exchange or quotation and trade reporting system was organized:

11. Market Regulation is being conducted by:

- the exchange
- the quotation and trade reporting system
- regulation services provider other than the filer (see exhibit O)

THE FILER CONSENTS TO HAVING THE INFORMATION ON THIS FORM AND ATTACHED EXHIBITS PUBLICLY AVAILABLE.

## EXHIBITS

File all Exhibits with the Filing. For each Exhibit, include the name of the exchange or quotation and trade reporting system, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect shall be furnished instead of such Exhibit.

If the filer, recognized exchange or recognized quotation and trade reporting system files an amendment to the information provided in its Filing and the information relates to an Exhibit filed with the Filing or a subsequent amendment, the filer, recognized exchange or recognized quotation and trade reporting system, must, in order to comply with subsection 3.1(2), section 3.2, subsection 4.1(2) or 4.2 of National Instrument 21-101, provide a description of the change and file a complete and updated Exhibit.

### 1. CORPORATE GOVERNANCE

**Exhibit A** A copy of the constating documents, including corporate by-laws and other similar documents, and all subsequent amendments.

**Exhibit B** For each affiliated entity of the exchange or quotation and trade reporting system, and for any person or company with whom the exchange or quotation and trade reporting system has a contractual or other agreement relating to the operation of an electronic trading system (the "System") to be used to effect transactions on the exchange or quotation and trade reporting system, provide the following information:

1. Name and address of person or company.
2. Form of organization (e.g., association, corporation, partnership, etc.).
3. Location and statute citation under which organized. Date of incorporation in present form.
4. Brief description of nature and extent of affiliation or contractual or other agreement with exchange or quotation and trade reporting system.
5. Brief description of business or functions. Description should include responsibilities with respect to operation of the System and/or execution, reporting, clearance, or settlement of transactions in connection with operation of the System.
6. If a person or company has ceased to be an affiliated entity of the exchange or quotation and trade reporting system during the previous year or ceased to have a contractual or other agreement relating to the operation of a System during the previous year, provide a brief statement of the reasons for termination of the relationship.

**Exhibit C** A list of partners, directors, officers, governors, members of all standing committees, or persons performing similar functions, who presently hold or have held their offices or positions during the previous year, indicating the following for each:

1. Name.
2. Title.
3. Dates of commencement and expiry of present term of office or position and length of time position held.
4. Type of business in which each is primarily engaged (e.g., sales, trading, market making, etc.) and current employer.
5. Type of business in which each was primarily engaged in the preceding five years, if different from that set out in item 4.
6. Whether the person is considered to be an independent director.

- Exhibit D** For each affiliated entity of the exchange or quotation and trade reporting system, provide the following information:
1. A copy of the constating documents, including corporate by-laws and other similar documents.
  2. A copy of existing by-laws or corresponding rules or instruments.
  3. The name and title of the present officers, governors, members of all standing committees or persons performing similar functions.
  4. For the latest financial year of the affiliated entity, unconsolidated financial statements, which may be unaudited. Such financial statements shall consist, at a minimum, of a balance sheet and an income statement prepared in accordance with, or if the affiliated entity is organized under the laws of a foreign jurisdiction, reconciled with Canadian GAAP. If the affiliated entity is required by securities legislation to file annual financial statements, a statement to that effect with a reference to the relevant securities legislation may be provided instead of the financial statements required here.

- Exhibit E** This Exhibit is applicable only to exchange or quotation and trade reporting systems that have one or more owners, shareholders, or partners that are not also marketplace participants. If the exchange or quotation and trade reporting system is a corporation, please provide a list of each shareholder that directly owns five percent or more of a class of a voting security of the exchange or quotation and trade reporting system. If the exchange or quotation and trade reporting system is a partnership, please provide a list of all general partners and those limited partners that have the right to receive upon dissolution, or have contributed, five percent or more of the partnership's capital. For each of the persons listed in this Exhibit, please provide the following:
1. Full legal name.
  2. Title or status.
  3. Date title or status was acquired.
  4. Approximate ownership interest.
  5. Whether the person has control (as interpreted in subsection 1.3(2) of National Instrument 21-101 Marketplace Operation).

## 2. RULES

- Exhibit F** A copy of all by-laws, rules, policies and other similar instruments of the exchange or quotation and trade reporting system that are not included in Exhibit A.

## 3. SYSTEMS AND OPERATIONS

- Exhibit G** Describe the manner of operation of the System. This description should include the following:
1. A detailed description of the market, including how orders will be entered and trades executed (e.g., call market, auction market, dealer market). If more than one method of order entry or trade execution is being used, please describe.
  2. The means of access to the System.
  3. Procedures governing entry and display of quotations and orders in the System.
  4. Detailed description of the procedures governing the execution, reporting, clearance and settlement of transactions in connection with the System.
  5. The hours of operation of the System, and the date on which the exchange or quotation and trade reporting system intends to commence operation of the System.
  6. If the exchange or quotation and trade reporting system proposes to hold funds or securities on a regular basis, a description of the controls that will be implemented to ensure the safety of those funds or securities.
  7. Description of training provided to users of the System and any materials provided to the users.
  8. Description of current and future capacity estimates, contingency and business continuity plans and the procedures to review and test methodology of the system and to perform stress testing.

**Exhibit H** Provide a schedule for each of the following:

1. The securities listed on the exchange or quoted on the quotation and trade reporting system, indicating for each the name of the issuer and a description of the security and whether or not the issuer is suspended from trading. After the initial filing of this form, please provide a list of the changes to the securities listed on the exchange or quoted on the quotation and trade reporting system on a quarterly basis.
2. Other securities traded on the marketplace including, for each, the name of the issuer and a description of the security.

#### 4. ACCESS

**Exhibit I<sup>1</sup>** A complete set of all forms pertaining to:

1. Filing required for participation in the exchange or quotation and trade reporting system.
2. Any other similar materials.

**Exhibit J<sup>2</sup>** A complete set of all forms, reports or questionnaires required of marketplace participants relating to financial responsibility or minimum capital requirements or other eligibility requirements for such marketplace participants. Provide a table of contents listing the forms included in this Exhibit and a narrative of the requirements.

**Exhibit K** Describe the exchange's or quotation and trade reporting system's criteria for participation in the exchange or quotation and trade reporting system. Describe conditions under which marketplace participants may be subject to suspension or termination with regard to access to the exchange or quotation and trade reporting system. Describe any procedures that will be involved in the suspension or termination of a member.

**Exhibit L** Provide an alphabetical list of all marketplace participants, including the following information:

1. Name.
2. Date of becoming a marketplace participant.
3. Principal business address and telephone number.
4. If a marketplace participant is an individual, the name of the entity with which such individual is associated and the relationship of such individual to the entity (e.g., partner, officer, director, employee, etc.).
5. Describe the type of trading activities primarily engaged in by the marketplace participant (e.g., agency trader, proprietary trader, registered trader, market maker). A person shall be "primarily engaged" in an activity or function for purposes of this item when that activity or function is the one in which that person is engaged for the majority of their time. When more than one type of person at an entity engages in any of the activities or functions enumerated in this item, identify each type (e.g., agency trades, registered trader and market maker) and state the number of marketplace participants in each.
6. The class of participation or other access.

#### 5. LISTING CRITERIA

**Exhibit M<sup>3</sup>** A complete set of documents comprising the exchange's or quotation and trade reporting system's listing or quotation filings, including any agreements required to be executed in connection with listing or quotation and a schedule of listing or quotation fees. If the exchange or quotation and trade reporting system does not list securities, provide a brief description of the criteria used to determine what securities may be traded on the exchange or quotation and trade reporting system. Provide a table of contents listing the forms included in this Exhibit and a narrative description of the listing requirements.

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<sup>1</sup>Exhibit I is to be provided only if not otherwise provided with Exhibit F.

<sup>2</sup>Exhibit J is to be provided only if not otherwise provided with Exhibit F or Exhibit I.

<sup>3</sup>The forms described in Exhibit M are to be provided only if not otherwise provided with Exhibit F.

**6. FEES**

**Exhibit N** A description of all fees to be paid by members to the exchange, including fees relating to connection to the system, access, data, regulation (if applicable) and how such fees are set.

**7. FINANCIAL VIABILITY**

**Exhibit O<sup>4</sup>** For the latest financial year of the exchange or quotation and trade reporting system, audited financial statements of the exchange or quotation and trade reporting system and a report prepared by an independent auditor.

**8. REGULATION**

**Exhibit P** A description of the regulation performed by the exchange or quotation and trade reporting system, including the structure of the department performing regulation, how the department is funded, policies and procedures in place to ensure confidentiality and policies and procedures relating to conducting an investigation.

**Exhibit Q** If market regulation is conducted by a regulation services provider other than the filer, provide the contract between the filer and the regulation services provider.

**Exhibit R** If more than one entity is performing regulation services for a type of security and if the filer is conducting market regulation for itself and its members, provide the contract between the filer and the regulation services provider providing for co-ordinated monitoring and enforcement under section 7.5 of National Instrument 23-101.

**CERTIFICATE OF EXCHANGE OR QUOTATION AND  
TRADE REPORTING SYSTEM**

The undersigned certifies that the information given in this report is true and correct.

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_

\_\_\_\_\_  
(Name of exchange or quotation and trade reporting system)

\_\_\_\_\_  
(Name of director, officer or partner - please type or print)

\_\_\_\_\_  
(Signature of director, officer or partner)

\_\_\_\_\_  
(Official capacity - please type or print)

<sup>4</sup>For a new exchange, future oriented financial information should be provided instead of the information specified in Exhibit O.

NATIONAL INSTRUMENT 21-101  
FORM 21-101F2  
INITIAL OPERATION REPORT  
ALTERNATIVE TRADING SYSTEM

TYPE OF FILING:

- INITIAL OPERATION REPORT       AMENDMENT

Identification:

- A. Full name of alternative trading system (if sole proprietor, last, first and middle name):
- B. Name(s) under which business is conducted, if different from item A:
- C. If this filing makes a name change on behalf of the alternative trading system in respect of the name set out in Item A or Item B, enter the previous name and the new name.
- Previous name:
- New name:
- D. Alternative trading system's main street address:
- E. Mailing address (if different):
- F. Address of head office (if different from address in item D):
- G. Business telephone and facsimile number:
- (Telephone)                      (Facsimile)
- H. Website address:
- I. Contact Employee:
- (Name and Title) (Telephone Number) (Facsimile)                      (E-mail address)

- J. The ATS is
- a member of \_\_\_\_\_  
name of the recognized self-regulatory entity
  - a registered dealer
- K. If this is an initial operation report, the date the alternative trading system expects to commence operation:
- L. The ATS has contracted with [regulation services provider] to perform market regulation for the ATS and its subscribers.
- THE FILER CONSENTS TO HAVING THE INFORMATION ON THIS FORM AND ATTACHED EXHIBITS PUBLICLY AVAILABLE.

#### EXHIBITS

File all Exhibits with the Initial Operation Report. For each Exhibit, include the name of the ATS, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect shall be furnished instead of such Exhibit.

If the ATS files an amendment to the information provided in its Initial Operation Report and the information relates to an Exhibit filed with the Initial Operation Report or a subsequent amendment, the ATS must, in order to comply with subsection 6.4(2) or 6.4(3) of National Instrument 21-101, provide a description of the change and file a complete and updated Exhibit.

**Exhibit A** A description of classes of subscribers (e.g., dealer, institution, or retail). Also describe any differences in access to the services offered by the alternative trading system to different groups or classes of subscribers.

**Exhibit B:**

1. A list of the types of securities the alternative trading system trades (e.g., equity, debt) or if this is an initial operation report, the types of securities it expects to trade.
2. A list of each of the securities the alternative trading system trades, or if this is an initial operation report, the securities it expects to trade.

**Exhibit C** A detailed description of the market structure of the alternative trading system (e.g., call market, auction market, dealer market).

**Exhibit D** The name, address, telephone number, facsimile number and e-mail address of counsel for the alternative trading system.

**Exhibit E** A copy of the constating documents, including corporate by-laws and other similar documents, and all subsequent amendments.

**Exhibit F** The name of any person or company, other than the alternative trading system, that will be involved in the operation of the alternative trading system, including the execution, trading, clearing and settling of transactions on behalf of the alternative trading system. Provide a description of the role and responsibilities of each person or company.

**Exhibit G** The following information:

1. The manner of operation of the alternative trading system.
2. Procedures governing entry of orders into the alternative trading system.
3. The means of access to the alternative trading system.
4. Fees charged by the alternative trading system.
5. The procedures governing execution, reporting, clearance and settlement of transactions effected through the alternative trading system.
6. Procedures for ensuring subscriber compliance with requirements of the alternative trading system.



**Rules and Policies**

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- 7. A description of safeguards and procedures implemented by the alternative trading system to protect subscribers' trading information.
  - 8. Description of the training to be provided to users of the System and a copy of any materials provided.
- Exhibit H** A brief description of the alternative trading system's procedures for reviewing system capacity, security and contingency planning procedures.
- Exhibit I** If any other person or company, other than the alternative trading system, will hold or safeguard subscriber funds or securities on a regular basis, attach the name of the person or company and a brief description of the controls that will be implemented to ensure the safety of the funds and securities.
- Exhibit J** A list of the full legal name of registered holders and beneficial owners of securities of the alternative trading system.
- Exhibit K** A description of all material contracts executed by the alternative trading system.
- Exhibit L** A copy of the contract executed between the ATS and the regulation services provider.
- Exhibit M** The form of contract executed between the ATS and its subscribers.
- Exhibit N** The form of acknowledgement required by subsections 6.10(2) and 6.11(2) of National Instrument 21-101.
- Exhibit O** Description of the training to be provided to subscribers relating to the requirements set by the regulation services provider and a copy of any materials provided.

**CERTIFICATE OF ALTERNATIVE TRADING SYSTEM**

The undersigned certifies that the information given in this report is true and correct.

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_

\_\_\_\_\_  
(Name of alternative trading system)

\_\_\_\_\_  
(Name of director, officer or partner - please type or print)

\_\_\_\_\_  
(Signature of director, officer or partner)

\_\_\_\_\_  
(Official capacity - please type or print)

**NATIONAL INSTRUMENT 21-101**  
**FORM 21-101F3**  
**QUARTERLY REPORT OF ALTERNATIVE TRADING SYSTEM ACTIVITIES**

Alternative Trading System Name: \_\_\_\_\_

Period covered by this report: \_\_\_\_\_ to \_\_\_\_\_

THE FILER CONSENTS TO HAVING THE INFORMATION ON THIS FORM AND ATTACHED EXHIBITS PUBLICLY AVAILABLE.

1. Identification:

A. Full name of alternative trading system (if sole proprietor, last, first and middle name):

B. Name(s) under which business is conducted, if different from item 1A:

C. Alternative trading system's main street address:

2. Attach as Exhibit A, a list of all subscribers at any time during the period covered by this report.

3. Attach as Exhibit B, a list of all securities that were traded on the alternative trading system at any time during the period covered by this report.

4. (a) Provide the details requested in the form set out in the chart below for each type of security traded on the alternative trading system for transactions during regular trading hours during the quarter. Enter "None", "N/A" or "0" where appropriate.

(b) Provide the details requested in the form set out in the chart below for each type of security traded on the alternative trading system for transactions during after hours trading sessions during the quarter. Enter "None", "N/A" or "0" where appropriate.

Category of Securities	Average Daily Dollar Value of Trading Volume	Total Trading Volume	Total Number of Trades
A. Exchange-traded securities  Equity securities Preferred securities Debt securities Options			
B. Unlisted debt securities - Government debt securities  Domestic Foreign			
C. Unlisted debt securities - Corporate debt securities			

**Rules and Policies**

Category of Securities	Average Daily Dollar Value of Trading Volume	Total Trading Volume	Total Number of Trades
Domestic			
D. Foreign Exchange-Traded Securities  Equity securities Preferred securities Debt securities Options			
E. Other  Specify types of securities			

5. Provide the total trading volume for each security traded on the alternative trading system in the form set out in the chart below. Enter "None", "N/A" or "0" where appropriate.

Category of Securities	Total Trading Volume for Each Security
A. Exchange-traded securities  Equity securities [name of securities] Preferred securities [name of securities] Debt securities [name of securities] Options [name of securities]	
B. Unlisted debt securities – Government debt securities  Domestic [by issuer and maturity] Foreign [by issuer and maturity]	
C. Unlisted debt securities – Corporate debt securities  Domestic [by issuer and maturity]	
D. Foreign Exchange-Traded Securities  Equity securities [name of securities] Preferred securities [name of securities] Debt securities [name of securities] Options [name of securities]	
E. Other  Specify securities	

**Rules and Policies**

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6. Attach as Exhibit C, a list of all persons granted, denied, or limited access to the alternative trading system during the period covered by this report, designating for each person (a) whether they were granted, denied, or limited access; (b) the date the alternative trading system took such action; (c) the effective date of such action; and (d) the nature of any denial or limitation of access.

**CERTIFICATE OF ALTERNATIVE TRADING SYSTEM**

The undersigned certifies that the information given in this report relating to the alternative trading system is true and correct.

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_

\_\_\_\_\_  
(Name of alternative trading system)

\_\_\_\_\_  
(Name of director, officer or partner - please type or print)

\_\_\_\_\_  
(Signature of director, officer or partner)

\_\_\_\_\_  
(Official capacity - please type or print)

**NATIONAL INSTRUMENT 21-101**

**FORM 21-101F4  
CESSATION OF OPERATIONS REPORT FOR  
ALTERNATIVE TRADING SYSTEM**

1. Identification:
    - A. Full name of alternative trading system (if sole proprietor, last, first and middle name):
    - B. Name(s) under which business is conducted, if different from item 1A:
  2. Date alternative trading system proposes to cease carrying on business as an ATS:
  3. If cessation of business was involuntary, date alternative trading system has ceased to carry on business as an ATS:
  4. Please check the appropriate box:
    - the ATS intends to carry on business as an exchange and has filed Form 21-101F1.
    - the ATS intends to cease to carry on business.
    - the ATS intends to become a member of an exchange.
- THE FILER CONSENTS TO HAVING THE INFORMATION ON THIS FORM AND ATTACHED EXHIBITS PUBLICLY AVAILABLE.

**EXHIBITS**

File all Exhibits with the Cessation of Operations Report. For each exhibit, include the name of the ATS, the date of filing of the exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect shall be furnished instead of such Exhibit.

- Exhibit A** The reasons for the alternative trading system ceasing to carry on business as an ATS.
- Exhibit B** A list of each of the securities the alternative trading system trades.
- Exhibit C** The amount of funds and securities, if any, held for subscribers by the alternative trading system, or another person or company retained by the alternative trading system to hold funds and securities for subscribers and the procedures in place to transfer or to return all funds and securities to subscribers.

**CERTIFICATE OF ALTERNATIVE TRADING SYSTEM**

The undersigned certifies that the information given in this report is true and correct.

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_

\_\_\_\_\_  
(Name of alternative trading system)

\_\_\_\_\_  
(Name of director, officer or partner - please type or print)

\_\_\_\_\_  
(Signature of director, officer or partner)

\_\_\_\_\_  
(Official capacity - please type or print)

NATIONAL INSTRUMENT 21-101

FORM 21-101F5  
INITIAL OPERATION REPORT FOR INFORMATION PROCESSOR

TYPE OF FILING:

- INITIAL FORM       AMENDMENT

GENERAL INFORMATION

1. Full name of information processor:
2. Main street address (do not use a P.O. box):
3. Mailing address (if different):
4. Address of head office (if different from address in item 2):
5. Business telephone and facsimile number:  

(Telephone)                       (Facsimile)
6. Website address:
7. Contact employee:  

(Name and Title) (Telephone Number)      (Facsimile) (E-mail address)
8. Counsel:  

(Firm Name) (Contact Name) (Telephone Number) (Facsimile) (E-mail address)
9. Date of financial year-end:
10. List of all marketplaces, dealers or other parties for which the information processor is acting or for which it proposes to act as an information processor. For each marketplace, dealer or other party, provide a description of the function(s) which the information processor performs or proposes to perform.
11. List all types of securities for which information will be collected, processed, distributed or published by the information processor. For each such marketplace, dealer or other party, provide a list of all securities for which information with respect to quotations for, or transactions in, is or is proposed to be collected, processed, distributed or published.

BUSINESS ORGANIZATION

12. Legal status:     Corporation       Sole Proprietorship  
 Partnership     Other (specify):

## Rules and Policies

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Except where the information processor is a sole proprietorship, indicate the date and place where the information processor obtained its legal status (e.g., place of incorporation, place where partnership agreement was filed or where information processor was formed):

(a) Date (DD/MM/YYYY): \_\_\_\_\_ (b) Place of formation:

THE FILER CONSENTS TO HAVING THE INFORMATION ON THIS FORM AND ATTACHED EXHIBITS PUBLICLY AVAILABLE.

## EXHIBITS

File all Exhibits with the Initial Form. For each Exhibit, include the name of the information processor, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect shall be furnished instead of such Exhibit.

If the information processor files an amendment to the information provided in its Initial Form, and the information relates to an Exhibit filed with the Initial Form or a subsequent amendment, the information processor must, in order to comply with sections 14.1 and 14.2 of National Instrument 21-101 provide a description of the change and file a complete and updated Exhibit.

### 1. CORPORATE GOVERNANCE

- Exhibit A** A copy of the constating documents, including corporate by-laws and other similar documents, and all subsequent amendments.
- Exhibit B** List any person or company who owns 10 percent or more of the information processor's stock or who, either directly or indirectly, through agreement or otherwise, in any other manner, may control or direct the management or policies of the information processor. Provide the full name and address of each such person and attach a copy of the agreement or, if there is none written, describe the agreement or basis through which such person exercises or may exercise such control or direction.
- Exhibit C** A list of the partners, officers, directors, governors, members of all standing committees or persons performing similar functions who presently hold or have held their offices or positions during the previous year, indicating the following for each:
1. Name.
  2. Title.
  3. Dates of commencement and expiry of present term of office or position and length of time the office or position held.
  4. Type of business in which each is primarily engaged and current employer.
  5. Type of business in which each was primarily engaged in the preceding five years, if different from that set out in item 4.
  6. Whether the person is considered to be an independent director.
- Exhibit D** A narrative or graphic description of the organizational structure of the information processor.
- Exhibit E** A description of the personnel qualifications for each category of professional, non-professional and supervisory employee employed by the information processor. Detail whether the personnel are employed by the information processor or a third party.
- Exhibit F** For each affiliated entity of the information processor, and for any person or company with whom the information processor has a contractual or other agreement relating to the operations of the information processor, provide the following information:
1. Name and address of person or company.
  2. Form of organization (e.g., association, corporation, partnership, etc.)



3. Name of location and statute citation under which organized. Date of incorporation in present form.
4. Brief description of nature and extent of affiliation or contractual or other agreement with the information processor.
5. Brief description of business or functions.
6. If a person or company has ceased to be an affiliated entity of the information processor during the previous year or ceased to have a contractual or other agreement relating to the operation of the information processor during the previous year, provide a brief statement of the reasons for termination of the relationship.

## 2. SYSTEMS AND OPERATIONS

**Exhibit G** Describe the manner of operation of the system (the "System") of the information processor that collects, processes, distributes and publishes information in accordance with National Instruments 21-101 and 23-101. This description should include the following:

1. The means of access to the System.
2. Procedures governing entry and display of quotations and orders in the System.
3. The hours of operation of the System.
4. Description of the training provided to users of the System and any materials provided to the users.
5. Description of current and future capacity estimates, contingency and business continuity plans and the procedures to review and test methodology of the system and to perform stress testing.

**Exhibit H** A description in narrative form of each service or function listed in Item 10 and performed by the information processor. Include a description of all procedures utilized for the collection, processing, distribution and publication of information with respect to quotations for, and transactions in, securities.

**Exhibit I** A list of all computer hardware utilized by the information processor to perform the services or functions listed in Item 10, indicating:

1. Manufacturer, and manufacturer's equipment and identification number.
2. Whether purchased or leased (if leased, duration of lease and any provisions for purchase or renewal).
3. Where such equipment (exclusive of terminals and other access devices) is physically located.

**Exhibit J** A description of the measures or procedures implemented by the information processor to provide for the security of any system employed to perform the functions of an information processor. Include a general description of any physical and operational safeguards designed to prevent unauthorized access to the system. Describe any measures used to verify the accuracy of information received or disseminated by the system.

**Exhibit K** Where the functions of an information processor are performed by automated facilities or systems, attach a description of:

1. All backup systems which are designed to prevent interruptions in the performance of any information providing functions as a result of technical malfunctions or otherwise in the system itself, in any permitted input or output system connection or as a result of any independent source,
2. Business continuity and contingency plans for the ongoing operations of the facilities or systems in the event of a catastrophe,
3. Each type of interruption which has lasted for more than two minutes and has occurred within the six (6) months preceding the date of the filing, including the date of each interruption, the cause and duration, and
4. The total number of interruptions which have lasted two minutes or less.

**Exhibit L** For each service or function listed in Item 10,

1. Quantify in appropriate units of measure the limits on the information processor's capacity to retrieve, collect, process, store or display the data elements included within each function.

2. Identify the factors (mechanical, electronic or other) which account for the current limitations reported in answer to 1. on the capacity to receive, collect, process, store or display the data elements included within each function.

**3. FINANCIAL VIABILITY**

**Exhibit M** Audited financial statements for the latest financial year of the information processor and a report prepared by an independent auditor. Please discuss the financial viability of the information processor in the context of having sufficient financial resources to properly perform its functions.

**Exhibit N** A business plan with pro forma financial statements and estimates of revenue.

**4. FEES**

**Exhibit O** A complete list of all fees and other charges imposed, or to be imposed, by or on behalf of the information processor for its information services, including the cost of establishing a connection that will provide information to the information processor.

**5. ACCESS**

**Exhibit P** Attach the following:

1. State the number of persons who presently subscribe or who have notified the information processor of their intention to subscribe to the services of the information processor.
2. For each instance during the past year in which any person has been prohibited or limited in respect of access to services offered by the information processor, indicate the name of each such person and the reason for the prohibition or limitation.

**Exhibit Q** The form of contract governing the terms by which persons may subscribe to the services of an information processor.

**Exhibit R** A description of any specifications, qualifications or other criteria which limit, are interpreted to limit or have the effect of limiting access to or use of any services provided by the information processor and state the reasons for imposing such specifications, qualifications or other criteria. This applies to limits relating to providing information to the information processor and the limits relating to accessing the consolidated feed distributed by the information processor.

**Exhibit S** Attach any specifications, qualifications or other criteria required of participants who supply securities information to the information processor for collection, processing for distribution or publication by the information processor.

**CERTIFICATE OF INFORMATION PROCESSOR**

The undersigned certifies that the information given in this report is true and correct.

DATED at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_ 20\_\_

\_\_\_\_\_  
(Name of information processor)

\_\_\_\_\_  
(Name of director, officer or partner - please type or print)

\_\_\_\_\_  
(Signature of director, officer or partner)

\_\_\_\_\_  
(Official capacity - please type or print)

NATIONAL INSTRUMENT 21-101

FORM 21-101F6  
CESSATION OF OPERATIONS REPORT FOR  
INFORMATION PROCESSOR

1. Identification:

A. Full name of information processor:

B. Name(s) under which business is conducted, if different from item 1A:

2. Date information processor proposes to cease carrying on business:

3. If cessation of business was involuntary, date information processor ceased to carry on business:

THE FILER CONSENTS TO HAVING THE INFORMATION ON THIS FORM AND ATTACHED EXHIBITS PUBLICLY AVAILABLE.

**EXHIBITS**

File all Exhibits with the Cessation of Operations Report. For each Exhibit, include the name of the information processor, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect shall be furnished instead of such Exhibit.

**Exhibit A** The reasons for the information processor ceasing to carry on business.

**Exhibit B** A list of each of the securities the information processor displays.

**CERTIFICATE OF INFORMATION PROCESSOR**

The undersigned certifies that the information given in this report is true and correct.

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_

\_\_\_\_\_  
(Name of information processor)

\_\_\_\_\_  
(Name of director, officer or partner - please type or print)

\_\_\_\_\_  
(Signature of director, officer or partner)

\_\_\_\_\_  
(Official capacity - please type or print)

**COMPANION POLICY 21-101CP  
TO NATIONAL INSTRUMENT 21-101  
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**COMPANION POLICY 21-101CP  
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**PART 2 MARKETPLACE**

**PART 1 INTRODUCTION**

**1.1 Introduction** - Traditionally, the Canadian securities regulatory authorities have regulated securities markets by regulating dealers, exchanges and, in some jurisdictions, quotation and trade reporting systems. In recent years, particularly in the United States, new types of markets have emerged that take different forms and trade securities in a different manner than on those markets. These entities are referred to as alternative trading systems. While the existing regulatory system will generally apply to the activities of these markets, there are instances where the existing regulatory system needs to be supplemented. Accordingly, the Canadian securities regulatory authorities have adopted National Instrument 21-101 Marketplace Operation (the "Instrument") to create an appropriate regulatory regime to deal with these new types of markets and to supplement the regime applicable to exchanges and quotation and trade reporting systems.

The purpose of this Companion Policy is to state the views of the Canadian securities regulatory authorities on various matters related to the Instrument, including:

- (a) a discussion of the general approach taken by the Canadian securities regulatory authorities in, and the general regulatory purpose for, the Instrument; and
- (b) the interpretation of various terms and provisions in the Instrument.

**1.2 Definition of Exchange-Traded Security** - Section 1.1 of the Instrument defines an "exchange-traded security" as a security that is listed on a recognized exchange or is quoted on a recognized quotation and trade reporting system or is listed on an exchange or quoted on a quotation and trade reporting system that is recognized for the purposes of NI 21-101 and NI 23-101. A security that is inter-listed would be considered to be an exchange-traded security. A security that is listed only on a foreign exchange or quoted only on a foreign quotation and trade reporting system falls within the definition of "foreign exchange-traded security".

**1.3 Definition of Foreign Exchange-Traded Security** - The definition of foreign exchange-traded security includes a reference to ordinary members of the International Organization of Securities Commissions (IOSCO). To determine the current list of ordinary members, reference should be made to the IOSCO website at [www.iosco.org](http://www.iosco.org).

**2.1 Marketplace**

- (1) The Instrument uses the term "marketplace" to encompass the different types of trading systems that match trades.
- (2) Two of the characteristics of a "marketplace" are
  - (a) that it brings together orders for securities of multiple buyers and sellers; and
  - (b) that it uses established, non-discretionary methods under which the orders interact with each other.
- (3) The Canadian securities regulatory authorities consider that a person or company brings together orders for securities if it
  - (a) displays, or otherwise represents to marketplace participants, trading interests entered on the system; or
  - (b) receives orders centrally for processing and execution (regardless of the level of automation used).
- (4) The Canadian securities regulatory authorities are of the view that "established, non-discretionary methods" include any methods that dictate the terms of trading among the multiple buyers and sellers entering orders on the system. Such methods include providing a trading facility or setting rules governing trading among marketplace participants. Common examples include a traditional exchange and a computer system, whether comprised of software, hardware, protocols, or any combination thereof, through which orders interact, or any other trading mechanism that provides a means or location for the bringing together and execution of orders. Rules imposing execution priorities, such as time and price priority rules, would be "established, non-discretionary methods."
- (5) The Canadian securities regulatory authorities do not consider the following systems to be marketplaces for purposes of the Instrument:
  - 1. A system operated by a person or company that only permits one seller to sell its securities, such as a system that permits issuers to sell their own securities to investors.
  - 2. A system that merely routes orders for execution to a facility where the orders are executed.
  - 3. A system that posts information about trading interests, without facilities for execution.

In the first two cases, the criteria of multiple buyers and sellers would not be met. In the last two cases, routing systems and bulletin boards do not establish non-discretionary methods under which parties entering orders interact with each other.

- (6) A person or company operating any of the systems described in subsection (5) should consider whether the person or company is trading for the purposes of securities legislation and is required to be registered as a dealer under securities legislation.
- (7) Inter-dealer bond brokers have a choice as to how to be regulated under the Instrument and NI 23-101. Each inter-dealer bond broker can choose to be subject to IDA By-law No. 36 and IDA Regulation 2100, fall within the definition of inter-dealer bond broker in the Instrument and be subject to the transparency requirements of Part 8 of the Instrument. Alternatively, the inter-dealer bond broker can choose to be an ATS and comply with the provisions of the Instrument and NI 23-101 applicable to a marketplace and an ATS. An inter-dealer bond broker that chooses to be an ATS will not be subject to By-law No. 36 or IDA Regulation 2100, but will be subject to all other IDA requirements applicable to a dealer.

### PART 3 CHARACTERISTICS OF EXCHANGES, QUOTATION AND TRADE REPORTING SYSTEMS AND ATSs

#### 3.1 Exchange

- (1) Canadian securities legislation of most jurisdictions does not define the term "exchange".
- (2) The Canadian securities regulatory authorities generally consider a marketplace, other than a quotation and trade reporting system, to be an exchange for purposes of securities legislation, if the marketplace
  - (a) requires an issuer to enter into an agreement in order for the issuer's securities to trade on the marketplace, *i.e.*, the marketplace provides a listing function;
  - (b) provides, directly, or through one or more marketplace participants, a guarantee of a two-sided market for a security on a continuous or reasonably continuous basis, *i.e.*, the marketplace has one or more marketplace participants that guarantee that a bid and an ask will be posted for a security on a continuous or reasonably continuous basis. For example, this type of liquidity guarantee can be carried out on exchanges through traders acting as

principal such as registered traders, specialists or market makers;

- (c) sets requirements governing the conduct of marketplace participants, in addition to those requirements set by the marketplace in respect of the method of trading or algorithm used by those marketplace participants to execute trades on the system (see subsection (3)); or
  - (d) disciplines marketplace participants, in addition to discipline by exclusion from trading, *i.e.*, the marketplace can levy fines or take enforcement action.
- (3) An ATS that requires a subscriber to agree to comply with the requirements of a regulation services provider as part of its contract with that subscriber is not setting "requirements governing the conduct of subscribers". In addition, marketplaces are not precluded from imposing credit conditions on subscribers or requiring subscribers to submit financial information to the marketplace.
  - (4) The criteria in subsection 3.1(2) are not exclusive and there may be other instances in which the Canadian securities regulatory authorities will consider a marketplace to be an exchange.

#### 3.2 Quotation and Trade Reporting System

- (1) Canadian securities legislation in certain jurisdictions contains the concept of a quotation and trade reporting system. A quotation and trade reporting system is defined under Canadian securities legislation in those jurisdictions as a person or company, other than an exchange or registered dealer, that operates facilities that permit the dissemination of price quotations for the purchase and sale of securities and reports of completed transactions in securities for the exclusive use of registered dealers. A person or company that carries on business as a vendor of market data or a bulletin board with no execution facilities would not normally be considered to be a quotation and trade reporting system.
- (2) A quotation and trade reporting system is considered to have "quoted" a security if
  - (a) the security has been subject to a listing or quoting process, and
  - (b) the issuer issuing the security or the dealer trading the security has entered into an agreement with the quotation and trade reporting system to list or quote the security.

### 3.3 Definition of an ATS

- (1) In order to be an ATS for the purposes of the Instrument, a marketplace cannot engage in certain activities or meet certain criteria such as
  - (a) requiring listing agreements,
  - (b) having one or more marketplace participants that guarantee that a two-sided market will be posted for a security on a continuous or reasonably continuous basis,
  - (c) setting requirements governing the conduct of subscribers, in addition to those requirements set by the marketplace in respect of the method of trading or algorithm used by those subscribers to execute trades on the system, and
  - (d) disciplining subscribers.

A marketplace, other than a quotation and trade reporting system, that engages in any of these activities or meets these criteria would, in the view of the Canadian securities regulatory authorities, be an exchange and would have to be recognized as such in order to carry on business, unless exempted from this requirement by the securities regulatory authorities.

- (2) An ATS can establish trading algorithms that provide that a trade takes place if certain events occur. These algorithms are not considered to be "requirements governing the conduct of subscribers".
- (3) A marketplace that would otherwise meet the definition of an ATS in the Instrument may apply to the Canadian securities regulatory authorities for recognition as an exchange.

### 3.4 Requirements Applicable to ATSS

- (1) Part 6 of the Instrument applies only to an ATS that is not a recognized exchange or a member of a recognized exchange or an exchange recognized for the purposes of the Instrument and NI 23-101. If an ATS is recognized as an exchange, the provisions of the Instrument relating to marketplaces and recognized exchanges apply.
- (2) If the ATS is a member of an exchange, the rules, policies and other similar instruments of the exchange apply to the ATS.
- (3) Under subsection 6.1(a) of the Instrument, an ATS that is not a member of a recognized exchange or an exchange recognized for the purposes of the Instrument and NI 23-101 must register as a dealer if it wishes to carry on business. Unless otherwise specified, an ATS registered as a dealer is subject to all of the

requirements applicable to dealers under Canadian securities legislation, including the requirements imposed by the Instrument and NI 23-101. An ATS will be carrying on business in a local jurisdiction if it provides direct access to subscribers located in that jurisdiction.

- (4) If an ATS registered as a dealer in one jurisdiction in Canada provides access in another jurisdiction in Canada to subscribers who are not registered dealers under securities legislation, the ATS must be registered in that other jurisdiction. However, if all of the ATS's subscribers in the other jurisdiction are registered as dealers in that other jurisdiction, the securities regulatory authority in the other jurisdiction may consider granting the ATS an exemption from the requirement to register as a dealer under subsection 6.1(a) of the Instrument and from the registration requirements of securities legislation. In determining if the exemption is in the public interest, a securities regulatory authority will consider a number of factors, including whether the ATS is registered in another jurisdiction and whether the ATS deals only with registered dealers in that jurisdiction.
- (5) Subsection 6.1(b) of the Instrument prohibits an ATS to which the provisions of the Instrument apply from carrying on business unless it is a member of a self-regulatory entity. Membership in a self-regulatory entity is required for purposes of membership in the Canadian Investor Protection Fund, capital requirements and clearing and settlement procedures. At this time, the IDA is the only entity that would come within the definition.
- (6) Subsection 6.7(1) of the Instrument requires an ATS to notify the securities regulatory authority if one of three thresholds is met or exceeded. Upon being informed that one of the thresholds is met or exceeded, the securities regulatory authority intends to review the ATS, its structure and operations in order to consider whether the person or company operating the ATS should be considered to be an exchange for purposes of securities legislation. The securities regulatory authority intends to conduct this review because each of these thresholds may be indicative of an ATS having market dominance over a type of security, such that it would be more appropriate that the ATS be regulated as an exchange. If more than one Canadian securities regulatory authority is conducting this review, the reviewing jurisdictions intend to coordinate their review. The volume thresholds referred to in subsection 6.7(1) and section 12.2 of the Instrument are based on the type of security. The Canadian securities regulatory authorities consider a type of security to refer to a distinctive category of security such as equity securities, preferred securities, debt securities or options.

- (7) The securities regulatory authorities will calculate and publish the calculation for the average daily dollar value of trading volume, the total trading volume and the total number of trades on all marketplaces for each calendar quarter for each type of security.
- (8) Subsections 6.10(2) and 6.11(2) of the Instrument require an ATS to obtain an acknowledgement from its subscribers. The acknowledgement may be obtained in a number of ways, including requesting the subscriber's signature or requesting that the subscriber initial an initial box or check a check-off box. This may be done electronically. The acknowledgement must be specific to the information required to be disclosed under the relevant subsection and must confirm that the subscriber has received the required disclosure. The Canadian securities regulatory authorities are of the view that it is the responsibility of the ATS to ensure that an acknowledgement is obtained from the subscriber in a timely manner.

#### **PART 4 RECOGNITION AS AN EXCHANGE OR QUOTATION AND TRADE REPORTING SYSTEM**

##### **4.1 Recognition as an Exchange or Quotation and Trade Reporting System**

- (1) In determining whether to recognize an exchange or quotation and trade reporting system, the Canadian securities regulatory authorities must determine whether it is in the public interest to do so.
- (2) In exercising this discretion, the Canadian securities regulatory authorities will look at a number of factors, including
  - (a) the manner in which the exchange or quotation and trade reporting system proposes to comply with the Instrument;
  - (b) whether the exchange or quotation and trade reporting system has fair and meaningful representation on its governing body, in the context of the nature and structure of the exchange or quotation and trade reporting system;
  - (c) whether the exchange or quotation and trade reporting system has sufficient financial resources for the proper performance of its functions; and
  - (d) whether the rules, policies and other similar instruments of the exchange or quotation and trade reporting system ensure that its business is conducted in an orderly manner so as to afford protection to investors.

#### **PART 5 ORDERS**

##### **5.1 Orders**

- (1) The term "order" is defined in section 1.1 of the Instrument as a firm indication by a person or company, acting as either principal or agent, of a willingness to buy or sell a security. By virtue of this definition, a marketplace that displays good faith, non-firm indications of interest, including, but not limited to, indications of interest to buy or sell a particular security without either prices or quantities associated with those indications, is not displaying "orders".
- (2) The label put on a transaction is not determinative of whether the transaction constitutes an order. Instead, whether or not an indication is "firm" will depend on what actually takes place between the buyer and seller. At a minimum, the Canadian securities regulatory authorities will consider an indication to be firm if it can be executed without further discussion between the person or company entering the indication and the counterparty. Even if the person or company must give its subsequent agreement to an execution, the Canadian securities regulatory authorities will still consider the indication to be firm if this subsequent agreement is always, or almost always, granted so that the agreement is largely a formality. For instance, an indication where there is a clear or prevailing presumption that a trade will take place at the indicated price, based on understandings or past dealings, will be viewed as an order.
- (3) A firm indication of a willingness to buy or sell a security includes bid or offer quotations, market orders, limit orders and any other priced orders. For the purpose of sections 7.1, 8.1 and 8.3 of the Instrument, the Canadian securities regulatory authorities do not consider special term orders such as all or none, minimum fill or cash or delay delivery to be firm indications.
- (4) The determination of whether an order has been placed does not turn on the level of automation used. Orders can be given over the telephone, as well as electronically.

#### **PART 6 FORMS FILED BY MARKETPLACES**

##### **6.1 Forms Filed by Marketplaces**

- (1) Subsection 3.1(1) of the Instrument requires an applicant for recognition as an exchange to file Form 21-101F1. This subsection does not apply to an exchange that was recognized before the Instrument came into force.
- (2) The forms filed by a marketplace under the Instrument will be open for public inspection unless the person or company filing the form



applies to the securities regulatory authority to keep the form confidential and the securities regulatory authority agrees to do so. In determining whether to keep a form confidential, the securities regulatory authority will look at the type of information on the form and determine whether the desirability of avoiding disclosure outweighs the desirability of public disclosure.

- (3) Under subsection 3.2(1) of the Instrument, at least 45 days prior to implementing a significant change to a matter set out in Form 21-101F1, a recognized exchange must file information describing the change or an amendment to the information provided in Form 21-101F1, in each case, in the manner set out in Form 21-101F1. In the view of the Canadian securities regulatory authorities, a significant change includes a change to the information contained in Exhibits A, B, G, I, J, K, M, N, P and Q of Form 21-101F1. This is also applicable to recognized quotation and trade reporting systems under subsection 4.2(1) of the Instrument.
- (4) A recognized exchange or recognized quotation and trade reporting system that files amendments to the information provided in Form 21-101F1 should number each filing consecutively.
- (5) Securities legislation or the terms and conditions of the recognition of the exchange or quotation and trade reporting system may require that a recognized exchange or recognized quotation and trade reporting system that is voluntarily surrendering its recognition file a notice or application with the securities regulatory authority.
- (6) Under subsection 6.4(2) of the Instrument, at least 45 days prior to implementing a significant change to a matter set out in Form 21-101F2, an ATS is required to file an amendment to the information provided in Form 21-101F2 in the manner set out in Form 21-101F2. The Canadian securities regulatory authorities consider that a significant change includes any change to the operating platform of an ATS, the types of securities traded, or the types of subscribers.
- (7) Subsection 6.4(4) of the Instrument requires an ATS to file Form 21-101F3 by the following dates: April 30 (for the quarter ending March 31), July 30 (for the quarter ending June 30), October 30 (for the quarter ending September 30) and January 30 (for the quarter ending December 31).
- (8) If an ATS files notice of its intention to carry on exchange activities pursuant to section 6.6 of the Instrument, and the ATS intends to begin to carry on business as an exchange, the ATS is required to file Form 21-101F1.

- 6.2 **Forms Filed in Electronic Format** - The Canadian securities regulatory authorities request that all forms and exhibits required to be filed under the Instrument be filed in electronic format, where possible.

## **PART 7 CERTAIN REQUIREMENTS APPLICABLE ONLY TO EXCHANGES AND QUOTATION AND TRADE REPORTING SYSTEMS**

- 7.1 **Access Requirements** - Section 5.1 of the Instrument sets out access requirements that apply to a recognized exchange and a recognized quotation and trade reporting system. The Canadian securities regulatory authorities note that the requirements regarding access for members do not, however, restrict the authority of an exchange or quotation and trade reporting system to maintain reasonable standards for access.
- 7.2 **Compliance Rules** - Section 5.4 of the Instrument requires a recognized exchange and recognized quotation and trade reporting system to have appropriate procedures to deal with violations of rules, policies or other similar instruments of the exchange or quotation and trade reporting system. This section does not preclude enforcement action by any other person or company, including the Canadian securities regulatory authorities or the regulation services provider.
- 7.3 **Filing of Rules** - Section 5.5 of the Instrument requires a recognized exchange and recognized quotation and trade reporting system to file all rules, policies and other similar instruments and amendments as required by the securities regulatory authority. Initially, all rules, policies and other similar instruments will be reviewed before implementation by the exchange or quotation and trade reporting system. It is the intention of the securities regulatory authority to develop and implement a protocol that will set out the procedures to be followed with respect to the review and approval of rules, policies and other similar instruments and amendments.

## **PART 8 CONFIDENTIAL TREATMENT OF TRADING INFORMATION BY ATSS**

- 8.1 **Confidential Treatment of Trading Information by ATSS**
  - (1) Subsection 6.8(2) of the Instrument provides that an ATS shall not carry on business as an ATS unless it has implemented reasonable safeguards and procedures to protect a subscriber's trading information. These include
    - (a) limiting access to the trading information of subscribers, such as the identity of subscribers and their orders, to those employees of, or persons or companies retained by, the ATS to operate the system or to be responsible for its compliance with Canadian securities legislation; and

- (b) having in place procedures to ensure that employees of the ATS cannot use such information for trading in their own accounts.
- (2) The procedures referred to in subsection (1) should be clear and unambiguous and presented to all employees and agents of the ATS, whether or not they have direct responsibility for the operation of the ATS.
- (3) Nothing in section 6.8 of the Instrument prohibits an ATS from complying with National Policy 41 Shareholder Communication, or its successor instrument. This statement is necessary because an investment dealer that operates an ATS may be an intermediary for the purposes of National Policy 41, or its successor instrument, and may be required to disclose information under that Instrument.

**PART 9 INFORMATION TRANSPARENCY REQUIREMENTS FOR MARKETPLACES DEALING IN EXCHANGE-TRADED SECURITIES AND FOREIGN EXCHANGE-TRADED SECURITIES**

**9.1 Information Transparency Requirements for Marketplaces Dealing in Exchange-Traded Securities and Foreign Exchange-Traded Securities**

- (1) Subsection 7.1(1) of the Instrument requires a marketplace that displays orders of exchange-traded securities or foreign exchange-traded securities to any person or company to provide to an information processor information regarding such orders as required by the information processor. It is expected that, initially, an information processor will receive information regarding the type, the issuer, the class, the symbol and the series of the security, the five best bid prices and the five best ask prices for each exchange-traded security or foreign exchange-traded security other than an option and the total disclosed volume at each of those prices. In addition, an information processor will receive information regarding the underlying interest, the expiry month, the strike price, the best bid price and the best ask price for each option traded and the total disclosed volume at each of those prices. The "best bid price" refers to the highest price of an order to buy a particular security. The "best ask price" for a security refers to the lowest price of an order to sell a particular security. The term "total disclosed volume" refers to the amount of the orders that is displayed in the marketplace. Volumes that are not disclosed or that are "reserve" or hidden volumes are not required to be displayed. An information processor may determine that additional or different information should be received and displayed.

- (2) The Canadian securities regulatory authorities are of the view that the requirements in sections 7.1 and 7.2 are a means to provide an accurate and timely representation of the Canadian securities market, including order and trade information for foreign exchange-traded securities traded on Canadian marketplaces.
- (3) The Canadian securities regulatory authorities expect that information required to be provided to an information processor under the Instrument will be provided in real-time or as close to real-time as possible.
- (4) Section 7.2 of the Instrument requires the marketplace to provide accurate and timely information regarding details of all trades of exchange-traded securities or foreign exchange-traded securities to an information processor as required by the information processor. For each exchange-traded security or foreign exchange-traded security other than an option, this information includes details as to the type, issuer, class and series of the security, the volume traded, the symbol, the price and time of the trade and any other information required by the information processor. For an option, this information includes details as to the underlying interest, the expiry month, whether the option is a put or a call, the strike price, the volume traded, the price and the time of the trade and any other information required by the information processor.

- 9.2 Consolidated Feed** - Section 7.3 of the Instrument requires an information processor to produce a consolidated feed in real-time showing the information provided to the information processor. The consolidated feed will consist of the best five bid prices and the best five ask prices transmitted to it for each security and all of the trade information provided by marketplaces pursuant to Part 7 of the Instrument. Special terms orders will not be included in the consolidated feed. It is up to the marketplace to determine whether broker identification numbers will be provided to the information processor for inclusion in the consolidated feed.

**PART 10 INFORMATION TRANSPARENCY REQUIREMENTS FOR UNLISTED DEBT SECURITIES**

**10.1 Information Transparency Requirements for Marketplaces Dealing in Unlisted Debt Securities**

- (1) Subsection 8.1(1) of the Instrument requires marketplaces that display orders of unlisted debt securities to provide to an information processor information regarding such orders as required by the information processor. It is intended that marketplaces will provide information to the information processor relating to all orders of unlisted debt securities that are displayed on the marketplace.

- (2) Initially, the Canadian securities regulatory authorities expect that the information processor will require a marketplace to provide order information for all unlisted debt securities traded on the marketplace, including details as to the type, the issuer, the coupon, and the maturity of security, the best bid price, the best ask price and the total disclosed volume at those prices. The "best bid price" refers to the highest price of an order to buy a particular security. The "best ask price" for a security refers to the lowest price of an order to sell a particular security. The term "total disclosed volume" refers to the amount of the orders that is displayed in the marketplace. Volumes that are not disclosed or that are "reserve" or hidden volumes are not required to be displayed. The information processor may determine that additional or different information should be received and displayed. It is up to the marketplace to determine whether broker identification numbers will be provided to the information processor for inclusion in the consolidated feed.
- (3) Section 8.2 of the Instrument requires the marketplace to provide to the information processor accurate and timely information regarding details of all trades of unlisted debt securities as required by the information processor. This information includes details as to the type, issuer, class and series of the security, the volume traded, the price and the time of the trade and any additional information required by the information processor.
- (4) The Canadian securities regulatory authorities expect that information required to be provided to an information processor under sections 8.1 and 8.2 of the Instrument will be provided in real-time or as close to real-time as possible.

**10.2 Information Transparency Requirements for Inter-Dealer Bond Brokers and Dealers Trading Unlisted Debt Securities**

- (1) Section 8.3 of the Instrument requires an inter-dealer bond broker to provide to an information processor accurate and timely information regarding orders for government debt securities traded through the inter-dealer bond broker as required by the information processor.
- (2) Initially, the information processor will require an inter-dealer bond broker to provide order information for certain benchmark and designated government debt securities traded through the inter-dealer bond broker, including details as to the type, the issuer, the coupon, and the maturity of security, the best bid price, the best ask price and the total disclosed volume at those prices. The discussion of the meaning of these terms is in subsection 10.1(2).
- (3) Section 8.4 of the Instrument requires an inter-dealer bond broker to provide to an information

processor accurate and timely information regarding details of trades of unlisted debt securities executed through the inter-dealer bond broker as required by the information processor. This requirement applies to both government debt securities and corporate debt securities.

- (4) Section 8.5 requires a dealer executing trades of corporate debt securities outside of a marketplace to provide to an information processor accurate and timely information regarding details of trades of corporate debt securities executed by or through the dealer as required by the information processor.
- (5) Initially, inter-dealer bond brokers will have to provide information regarding details of trades of certain benchmark and designated government debt securities including details as to the type, the issuer, the series, the coupon and the maturity of the security, the volume traded, the price and time of the trade and any additional information required by the information processor.
- (6) Initially, inter-dealer bond brokers and dealers will have to provide information regarding details of trades of certain designated corporate debt securities. This will include details as to the type, the issuer, the class, the series, the coupon and the maturity, the price and time of the trade and any additional information required by the information processor. The price of the security will include any mark-up or mark-down.
- (7) For investment grade corporate debt securities, inter-dealer bond brokers and dealers will have to provide the actual quantity of bonds traded if the total par value of the trade is \$2 million or less. For a trade with a par value above \$2 million, the volume will be disseminated as "\$2million+". An "investment grade corporate debt security" is a corporate debt security that is rated by one of the listed rating organizations at or above one of the following rating categories or a rating category that preceded or replaces a category listed below:

Rating Organization	Long Term Debt	Short Term Debt
Fitch, Inc.	BBB	F3
Dominion Bond Rating Service Limited	BBB	R-2
Moody's Investors Service, Inc.	Baa	Prime-3
Standard & Poors Corporation	BBB	A-3

- (8) For non-investment grade corporate debt securities, inter-dealer bond brokers and dealers will have to provide the actual quantity of bonds traded if the total par value of the trade is \$200,000 or less. For a trade with a par value above \$200,000, the volume will be

disseminated as "\$200,000+". A "non-investment grade corporate debt security" is a corporate debt security that is not an investment grade corporate debt security.

(9) The information processor will publish the list of benchmark and designated government debt securities and the list of corporate debt securities.

(10) Order and trade information regarding government debt securities traded through an inter-dealer bond broker will be provided to the information processor in real-time or as close to real-time as possible. Initially, trade information regarding corporate debt securities traded through an inter-dealer bond broker or by or through a dealer will be provided within one hour of the trade.

**10.3 Consolidated Feed** - Section 8.6 of the Instrument requires the information processor to produce a consolidated feed in real-time showing the information provided to the information processor.

## PART 11 MARKET INTEGRATION

### 11.1 Phased Implementation

(1) As market integration is a complex task and raises some significant technology challenges, the Canadian securities regulatory authorities believe that a phased approach to market integration is preferable. Accordingly, subsection 9.2(1) and section 9.3 of the Instrument provide the requirements for the first phase of market integration ("Phase 1 Integration"). The Phase 1 Integration requirements will be in place before January 1, 2004. On and after January 1, 2004, a marketplace must either enter into an agreement with a market integrator or, if there is no market integrator, a marketplace must establish an electronic connection to all other marketplaces ("Phase 2 Integration").

(2) Phase 1 Integration will require any marketplace that wishes to operate in Canada to establish an electronic connection to the principal market for each security being traded on its system before executing a trade of that security.

(3) Following the enactment of the Instrument and each year, an information processor that receives information regarding a security will determine the marketplace that had the largest trading volume for that security in that calendar year, notify in writing each marketplace that trades that security of the marketplace determined to be the principal market and publish the name of that marketplace. If there is no information processor, the Canadian securities regulatory authorities will determine the principal market for each security and will make that determination publicly available.

(4) Section 9.3(2) of the Instrument provides that a marketplace does not have to be connected to the principal market if the principal market for a security as determined is different from the previous principal market, the marketplace is connected to the previous principal market and the trade occurs within 30 days of the date the marketplace receives written notice of the principal market from the information processor or securities regulatory authorities. This is a transition provision that gives a marketplace thirty days to connect to the principal market.

(5) Phase 2 Integration will establish more complete market integration and order routing between all marketplaces in order to ensure that there will be price protection for all orders between all competing marketplaces. Market integration may be achieved by establishing a market integrator or extending the requirement to link to the principal market by requiring all marketplaces to link with each other. Each marketplace will send orders to other systems by way of a direct connection or through a market integrator. Each system will maintain control over its own orders and will have responsibility for managing order execution.

### 11.2

**Execution of Orders** - Subsection 9.4(1) of the Instrument requires a marketplace, when receiving an order from another marketplace, to apply its own rules to the execution of that order. This requirement applies during both Phase 1 Integration and Phase 2 Integration. This requires a marketplace that displays orders through an information processor to provide access to its passive booked orders. When an active order is routed to the system in which the passive order is booked, then execution will be completed according to the rules of the system in which the passive order is booked. A passive order is an order that has been placed in the order book because it was not executable at time of entry and is now waiting to be executed. An active order is an order that comes into the market seeking a counterparty that is either a market order or an executable limit order (a buy order with a limit at or above the present ask price or a sell order with a limit at or below the present bid price).

### 11.3

#### Equivalent Access

(1) The Canadian securities regulatory authorities believe that a marketplace participant should be able to execute against another marketplace's order that is provided to an information processor to the same extent as if that order had been reflected in the marketplace in which the marketplace participant is a member, a user or a subscriber. Accordingly, subsection 9.4(2) of the Instrument requires a marketplace to be able to receive from or send orders to other marketplaces to which it is linked.

(2) Examples of where the Canadian securities regulatory authorities would consider a

marketplace not to be in compliance with subsection 9.4(2) of the Instrument include

- (a) the marketplace responding to orders entered by a person or company that is not a marketplace participant in that marketplace more slowly than it responds to orders by a marketplace participant in that marketplace;
- (b) the marketplace using different technology to execute orders entered by a person or company that is not a marketplace participant in that marketplace, if that technology would not provide an equivalent service to orders entered by a marketplace participant in that marketplace; or
- (c) the marketplace charging fees that have the effect of creating barriers to access for a person or company that is not a marketplace participant in that marketplace.

(3) The Canadian securities regulatory authorities will not consider a marketplace to be in breach of subsection 9.4(2) of the Instrument merely because it has a different fee structure for persons or companies that are not marketplace participants in the marketplace. Instead the Canadian securities regulatory authorities will look at whether the different fee structure can be justified or whether it has only been implemented in order to create a barrier to access for those persons or companies.

**11.4 Establishing a Market Integrator** - When choosing a market integrator, the Canadian securities regulatory authorities will look at a number of factors, including,

- (a) the performance capability, standards and procedures for providing access to orders in various marketplaces;
- (b) whether all marketplaces may obtain access to the market integrator on fair and reasonable terms which are not unreasonably discriminatory;
- (c) personnel qualifications; and
- (d) whether the market integrator has sufficient financial resources for the proper performance of its functions.

**PART 12 DISCLOSURE OF TRANSACTION FEES FOR MARKETPLACES**

**12.1 Disclosure of Transaction Fees for Marketplaces** - Section 10.1 of the Instrument requires that each marketplace disclose the schedule of transaction fees to an information processor. It is not the intention of the Canadian securities regulatory authorities that a commission fee charged by a

dealer for dealer services be disclosed to an information processor. Each marketplace is required to publicly post with an information processor a schedule of all trading fees that are applicable to outside marketplace participants that are accessing an order and executing a trade displayed through an information processor. The requirement to disclose transaction fees does not require a combined price calculation by each marketplace.

**PART 13 RECORDKEEPING REQUIREMENTS FOR MARKETPLACES**

**13.1 Recordkeeping Requirements for Marketplaces** - Part 11 of the Instrument requires a marketplace to maintain certain records. Generally, under provisions of Canadian securities legislation, the Canadian securities regulatory authorities can require a marketplace to deliver to them any of the records required to be kept by them under securities legislation, including the records required to be maintained under Part 11.

**13.2 Synchronization of Clocks** - Subsection 11.5(1) requires a marketplace trading exchange-traded securities or foreign exchange-traded securities, an information processor receiving information about those securities, a dealer trading those securities and a regulation services provider monitoring the activities of marketplaces trading those securities shall synchronize their clocks. Subsection 11.5(2) requires a marketplace trading corporate debt securities or government debt securities, an information processor receiving information about those securities, a dealer trading those securities, an inter-dealer bond broker trading those securities and a regulation services provider monitoring the activities of marketplaces, inter-dealer bond brokers or dealers trading those securities shall synchronize their clocks. The Canadian securities regulatory authorities are of the view that synchronization means that in most circumstances, the clocks will be within 2 seconds of each other. The clocks should be checked at least daily for synchronization and should be adjusted on a weekly basis. For exchange-traded securities and foreign exchange-traded securities, the marketplaces, information processor, dealers and regulation services provider should select an appropriate national time standard to be used by all parties to synchronize the clocks. For unlisted debt securities, the marketplaces, information processor, dealers and regulation services provider should select an appropriate national time standard to be used by all parties to synchronize the clocks.

**PART 14 CAPACITY, INTEGRITY AND SECURITY OF MARKETPLACE SYSTEMS**

**14.1 Capacity, Integrity and Security of Marketplace Systems**

- (1) Subsection (a) of section 12.1 of the Instrument requires a marketplace to meet certain systems,

capacity, integrity and security standards. Subsections (b) and (c) of section 12.1 of the Instrument require a recognized exchange, a recognized quotation and trade reporting system and an ATS that exceeds the threshold in section 12.2 of the Instrument to meet certain additional systems, capacity, integrity and security standards.

- (2) The activities in subsection (a) of section 12.1 of the Instrument must be carried out at least once a year. The Canadian securities regulatory authorities would expect these activities to be carried out even more frequently if there is a change to the marketplace that is material either in terms of structure or volume of trading that necessitates that these functions be carried out more frequently in order to ensure that the marketplace can appropriately service its marketplace participants.
- (3) The independent review contemplated by subsection (b) of section 12.1 of the Instrument should be performed by competent, independent audit personnel following established audit procedures and standards.
- (4) An ATS becomes subject to subsections (b) and (c) of section 12.1 of the Instrument after it first satisfies the trading volume test in section 12.2 of the Instrument. It remains subject to subsections (b) and (c) of section 12.1 even if, thereafter, it no longer satisfies the trading volume test, unless it is successful in obtaining relief under section 15.1 of the Instrument.

## PART 15 CLEARING AND SETTLEMENT

**15.1 Clearing and Settlement** - Subsection 13.1(1) of the Instrument requires that all trades executed through an ATS shall be reported and settled through a clearing agency. Subsections 13.1(2) and (3) of the Instrument require that an ATS and its subscriber enter into an agreement that specifies which entity will report and settle the trades of securities. If the subscriber is registered as a dealer under securities legislation, either the ATS, the subscriber or an agent for the subscriber that is a member of a clearing agency may report and settle trades. If the subscriber is not registered as a dealer under securities legislation, either the ATS or an agent for the subscriber that is a clearing member of a clearing agency may report and settle trades. The ATS is responsible for ensuring that an agreement with the subscriber is in place before any trade is executed for the subscriber. If the agreement is not in place at the time of the execution of the trade, the ATS is responsible for clearing and settling that trade if a default occurs.

## PART 16 INFORMATION PROCESSOR

### 16.1 Information Processor

- (1) The Canadian securities regulatory authorities believe that it is important for those who trade to have access to accurate information on the prices at which trades in particular securities are taking place (i.e., last sale reports) and the prices at which others have expressed their willingness to buy or sell (i.e., orders).
- (2) The purpose of an information processor is to ensure the availability of prompt and accurate order and trade information and to guarantee fair access to the information.

### 16.2 Selection of an Information Processor

- (1) The Canadian securities regulatory authorities will review Form 21-101F5 to determine whether it is contrary to the public interest for the person or company who filed the form to act as an information processor. The Canadian securities regulatory authorities will look at a number of factors when reviewing the form filed, including,
  - (a) the performance capability, standards and procedures for the collection, processing, distribution, and publication of information with respect to orders for, and trades in, securities;
  - (b) whether all marketplaces may obtain access to the information processor on fair and reasonable terms which are not unreasonably discriminatory;
  - (c) personnel qualifications;
  - (d) whether the information processor has sufficient financial resources for the proper performance of its functions;
  - (e) the existence of another entity performing the proposed function for the same type of security;
  - (f) the systems report referred to in subsection 14.5(b) of the Instrument.
- (2) The Canadian securities regulatory authorities request that the forms and exhibits be filed in electronic format, where possible.

**16.3 Change to Information** - Under subsection 14.2(1) of the Instrument, an information processor is required to file an amendment to the information provided in Form 21-101F5 at least 45 days before implementing a significant change involving a matter set out in Form 21-101F5, in the manner set out in Form 21-101F5. In the view of the Canadian securities regulatory authorities, a significant change includes a change to the information contained in Exhibits A, B, F, G, H, O, P, Q, R and S and Item 10 of Form 21-101F5.

**NATIONAL INSTRUMENT 23-101  
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**NATIONAL INSTRUMENT 23-101  
TRADING RULES**

**PART 1 DEFINITION AND INTERPRETATION**

**1.1 Definition - In this Instrument**

"NI 21-101" means National Instrument 21-101 Marketplace Operation;

**1.2 Interpretation - NI 21-101** – Terms defined or interpreted in NI 21-101 and used in this Instrument have the respective meanings ascribed to them in NI 21-101.

**PART 2 APPLICATION OF THIS INSTRUMENT**

**2.1 Application of this Instrument** – A person or company is exempt from subsection 3.1(1) and Parts 4 and 5 if the person or company complies with the rules, policies and other similar instruments established by

- (a) a recognized exchange that monitors and enforces the requirements set under subsection 7.1(1) directly;
- (b) a recognized quotation and trade reporting system that monitors and enforces requirements set under subsection 7.3(1) directly; or
- (c) a regulation services provider.

**PART 3 MANIPULATION AND FRAUD**

**3.1 Manipulation and Fraud**

- (1) A person or company shall not, directly or indirectly, engage in, or participate in any transaction or series of transactions, or method of trading relating to a trade in or acquisition of a security or any act, practice or course of conduct, if the person or company knows, or ought reasonably to know, that the transaction or series of transactions, or method of trading or act, practice or course of conduct
  - (a) results in or contributes to a misleading appearance of trading activity in, or an artificial price for, a security or a derivative of that security; or
  - (b) perpetrates a fraud on any person or company.
- (2) In Alberta, British Columbia and Saskatchewan, instead of subsection (1), the provisions of the *Securities Act* (Alberta), the *Securities Act* (British Columbia) and *The Securities Act, 1988* (Saskatchewan), respectively, relating to manipulation and fraud apply.

**PART 4 BEST EXECUTION**

**4.1 Application of this Part** - This Part does not apply to a dealer that is carrying on business as an ATS in compliance with section 6.1 of NI 21-101.

**4.2 Best Execution**

- (1) A dealer acting as agent for a client shall make reasonable efforts to ensure that the client receives the best execution price on a purchase or sale of securities by the client.
- (2) Without limiting the generality of subsection (1), a dealer acting as agent for a client shall not execute a transaction on a marketplace that could be filled at a better price on another marketplace or with another dealer.
- (3) In order to satisfy the requirements in subsections (1) and (2), a dealer shall make reasonable efforts to use facilities providing information regarding orders.

**PART 5 REGULATORY HALTS**

**5.1 Regulatory Halts** - If a regulation services provider, a recognized exchange, recognized quotation and trade reporting system or an exchange or quotation and trade reporting system that has been recognized for the purposes of this Instrument and NI 21-101 makes a decision to prohibit trading in a particular security, no person or company shall execute a trade for the purchase or sale of that security during the period in which the prohibition is in place.

**PART 6 TRADING HOURS**

**6.1 Trading Hours** - Each marketplace shall set requirements in respect of the hours of trading to be observed by marketplace participants.

**PART 7 MONITORING AND ENFORCEMENT OF REQUIREMENTS SET BY A RECOGNIZED EXCHANGE AND A RECOGNIZED QUOTATION AND TRADE REPORTING SYSTEM**

**7.1 Requirements for a Recognized Exchange**

- (1) A recognized exchange shall set requirements governing the conduct of its members, including requirements that the members will conduct trading activities in compliance with this Instrument.
- (2) A recognized exchange shall monitor the conduct of its members and enforce the requirements set under subsection (1), either
  - (a) directly, or



- (b) indirectly through a regulation services provider.

**7.2 Agreement between a Recognized Exchange and a Regulation Services Provider** – A recognized exchange that monitors the conduct of its members indirectly through a regulation services provider shall enter into a written agreement with the regulation services provider that provides

- (a) that the regulation services provider will monitor the conduct of the recognized exchange and its members;
- (b) that the regulation services provider will enforce the requirements set under subsection 7.1(1);
- (c) that the recognized exchange will transmit the information required by Part 11 of NI 21-101 to the regulation services provider; and
- (d) that the recognized exchange will comply with all orders or directions made by the regulation services provider.

**7.3 Requirements for a Recognized Quotation and Trade Reporting System**

- (1) A recognized quotation and trade reporting system shall set requirements governing the conduct of its users, including requirements that the users will conduct trading activities in compliance with this Instrument.
- (2) A recognized quotation and trade reporting system shall monitor the conduct of its users and enforce the requirements set under subsection (1) either
  - (a) directly; or
  - (b) indirectly through a regulation services provider.

**7.4 Agreement between a Recognized Quotation and Trade Reporting System and a Regulation Services Provider** – A recognized quotation and trade reporting system that monitors the conduct of its users indirectly through a regulation services provider shall enter into a written agreement with the regulation services provider that provides

- (a) that the regulation services provider will monitor the conduct of the recognized quotation and trade reporting system and its users;
- (b) that the regulation services provider will enforce the requirements set under subsection 7.3(1);
- (c) that the recognized quotation and trade reporting system will transmit the information required by Part 11 of NI 21-101 to the regulation services provider; and

- (d) that the recognized quotation and trade reporting system will comply with all orders or directions made by the regulation services provider.

**7.5 Co-ordination of Monitoring and Enforcement** – A regulation services provider, recognized exchange, or recognized quotation and trade reporting system shall enter into a written agreement with all other regulation services providers, recognized exchanges, and recognized quotation and trade reporting systems to coordinate monitoring and enforcement of the requirements set under this Part.

**PART 8 MONITORING AND ENFORCEMENT REQUIREMENTS FOR AN ATS**

**8.1 Pre-condition to Trading on an ATS** - An ATS shall not execute a subscriber's order to buy or sell securities unless the ATS has executed and is subject to the written agreements required by sections 8.3 and 8.4.

**8.2 Requirements Set by a Regulation Services Provider for an ATS**

- (1) A regulation services provider shall set requirements governing an ATS and its subscribers, including requirements that the ATS and its subscribers will conduct trading activities in compliance with this Instrument.
- (2) A regulation services provider shall monitor the conduct of an ATS and its subscribers and shall enforce the requirements set under subsection (1).

**8.3 Agreement between an ATS and a Regulation Services Provider** - An ATS and a regulation services provider shall enter into a written agreement that provides

- (a) that the ATS will conduct its trading activities in compliance with the requirements set under subsection 8.2(1);
- (b) that the regulation services provider will monitor the conduct of the ATS and its subscribers;
- (c) that the regulation services provider will enforce the requirements set under subsection 8.2(1);
- (d) that the ATS will transmit the information required by Part 11 of NI 21-101 to the regulation services provider; and
- (e) that the ATS will comply with all orders or directions made by the regulation services provider.

**8.4 Agreement between an ATS and its Subscriber** - An ATS and its subscriber shall enter into a written agreement that provides

- (a) that the subscriber will conduct its trading activities in compliance with the requirements set under subsection 8.2(1);
- (b) that the subscriber acknowledges that the regulation services provider will monitor the conduct of the subscriber and enforce the requirements set under subsection 8.2(1);
- (c) that the subscriber will comply with all orders or directions made by the regulation services provider, including orders excluding the subscriber from trading on any marketplace.

**8.5 Exemption for an ATS Executing Trades in Unlisted Debt Securities**

- (1) Sections 8.1, 8.2, 8.3 and 8.4 do not apply to an ATS executing trades in unlisted debt securities, if the ATS complies with the requirements of IDA Policy No. 5 Code of Conduct for IDA Member Firms Trading in Domestic Debt Markets, as amended.
- (2) Subsection (1) does not apply after December 31, 2003.

**PART 9 MONITORING AND ENFORCEMENT REQUIREMENTS FOR AN INTER-DEALER BOND BROKER**

**9.1 Requirements Set by a Regulation Services Provider for an Inter-Dealer Bond Broker**

- (1) A regulation services provider shall set requirements governing an inter-dealer bond broker, including requirements that the inter-dealer bond broker will conduct trading activities in compliance with this Instrument.
- (2) A regulation services provider shall monitor the conduct of an inter-dealer bond broker and shall enforce the requirements set under subsection (1).

**9.2 Agreement between an Inter-Dealer Bond Broker and a Regulation Services Provider - An inter-dealer bond broker and a regulation services provider shall enter into a written agreement that provides**

- (a) that the inter-dealer bond broker will conduct its trading activities in compliance with the requirements set under subsection 9.1(1);
- (b) that the regulation services provider will monitor the conduct of the inter-dealer bond broker;
- (c) that the regulation services provider will enforce the requirements set under subsection 9.1(1); and
- (d) that the inter-dealer bond broker will comply with all orders or directions made by the regulation services provider.

**9.3 Exemption for an Inter-Dealer Bond Broker**

- (1) Sections 9.1 and 9.2 do not apply to an inter-dealer bond broker, if the inter-dealer bond broker complies with the requirements of IDA Policy No. 5 Code of Conduct for IDA Member Firms Trading in Domestic Debt Markets, as amended.
- (2) Subsection (1) does not apply after December 31, 2003.

**PART 10 MONITORING AND ENFORCEMENT REQUIREMENTS FOR A DEALER EXECUTING TRADES OF UNLISTED DEBT SECURITIES OUTSIDE OF A MARKETPLACE**

**10.1 Requirements Set by a Regulation Services Provider for a Dealer Executing Trades of Unlisted Debt Securities Outside of a Marketplace**

- (1) A regulation services provider shall set requirements governing a dealer executing trades of unlisted debt securities outside of a marketplace, including requirements that the dealer will conduct trading activities in compliance with this Instrument.
- (2) A regulation services provider shall monitor the conduct of a dealer executing trades of unlisted debt securities outside of a marketplace and shall enforce the requirements set under subsection (1).

**10.2 Agreement between a Dealer Executing Trades of Unlisted Debt Securities Outside of a Marketplace and a Regulation Services Provider - A dealer executing trades of unlisted debt securities outside of a marketplace shall enter into an agreement with a regulation services provider that provides**

- (a) that the dealer will conduct its trading activities in compliance with the requirements set under subsection 10.1(1);
- (b) that the regulation services provider will monitor the conduct of the dealer;
- (c) that the regulation services provider will enforce the requirements set under subsection 10.1(1); and
- (d) that the dealer will comply with all orders or directions made by the regulation services provider.

**10.3 Exemption for a Dealer Executing Trades of Unlisted Debt Securities Outside of a Marketplace**

- (1) Sections 10.1 and 10.2 do not apply to a dealer executing trades of unlisted debt securities outside of a marketplace, if the dealer complies with the requirements of IDA Policy No. 5 Code

of Conduct for IDA Member Firms Trading in Domestic Debt Markets, as amended.

- (2) Subsection (1) does not apply after December 31, 2003.

**PART 11 AUDIT TRAIL REQUIREMENTS**

**11.1 Application of this Part** - This Part does not apply to a dealer that is carrying on business as an ATS in compliance with section 6.1 of NI 21-101.

**11.2 Audit Trail Requirements for Dealers and Inter-Dealer Bond Brokers**

(1) **Recording Requirements for Receipt or Origination of an Order** - Immediately following the receipt or origination of an order for securities, a dealer and inter-dealer bond broker shall record specific information relating to that order including,

- (a) the order identifier;
- (b) the dealer or inter-dealer bond broker identifier;
- (c) the type, issuer, class, series and symbol of the security;
- (d) the face amount or unit price of the order, if applicable;
- (e) the number of securities to which the order applies;
- (f) the strike date and strike price, if applicable;
- (g) whether the order is a buy or sell order;
- (h) whether the order is a short sale order, if applicable;
- (i) whether the order is a market order, limit order or other type of order, and if the order is not a market order, the price at which the order is to trade;
- (j) the date and time the order is first originated or received by the dealer or inter-dealer bond broker;
- (k) whether the account is a retail, wholesale, employee, proprietary or any other type of account;
- (l) the client account number or client identifier;
- (m) the date and time that the order expires;
- (n) whether the order is an intentional cross;
- (o) whether the order is a jitney and if so, the underlying broker identifier;

(p) any client instructions or consents respecting the handling or trading of the order, if applicable; and

(q) the currency of the order.

(2) **Recording Requirements for Transmission of an Order** - Immediately following the transmission of an order for securities to a dealer, inter-dealer bond broker or a marketplace, a dealer or inter-dealer bond broker transmitting the order shall add to the record of the order maintained in accordance with this section specific information relating to that order including,

(a) the dealer or inter-dealer bond broker identifier assigned to the dealer or inter-dealer bond broker transmitting the order and the identifier assigned to the dealer, inter-dealer bond broker or marketplace to which the order is transmitted; and

(b) the date and time the order is transmitted.

(3) **Recording Requirements for Variation, Correction or Cancellation of an Order** - Immediately following the variation, correction or cancellation of an order for securities, a dealer or inter-dealer bond broker shall add to the record of the order maintained in accordance with this section specific information relating to that order including,

(a) the date and time the variation, correction or cancellation was originated or received;

(b) whether the order was varied, corrected or cancelled on the instructions of the client, the dealer or the inter-dealer bond broker;

(c) in the case of variation or correction, any of the information required by subsection (1) which has been changed; and

(d) the date and time the variation, correction or cancellation of the order is entered.

(4) **Recording Requirements for Execution of an Order** - Immediately following the execution of an order for securities, the dealer or inter-dealer bond broker shall add to the record maintained in accordance with this section specific information relating to that order including,

(a) the identifier of the marketplace where the order was executed or the identifier of the dealer or inter-dealer bond broker executing the order if the order was not executed on a marketplace;

(b) the date and time of the execution of the order;

(c) whether the order was fully or partially executed;

(d) the number of securities bought or sold;

(e) whether the transaction was a cross;

- (f) whether the dealer has executed the order as principal;
  - (g) the commission charged and all other transaction fees; and
  - (h) the price at which the order was executed, including mark-up or mark-down.
- (5) **Transmittal of Order Information** – A dealer and inter-dealer bond broker shall transmit to a regulation services provider the information required by the regulation services provider in the format and at the time required by the regulation services provider.
- (6) **Electronic Form** - After December 31, 2003, the record kept by the dealer or inter-dealer bond broker under subsections (1) through (4) and the transmission of information to a regulation services provider under subsection (5) shall be in electronic form.

#### **PART 12 EXEMPTION**

##### **12.1 Exemption**

- (1) The regulator or the 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.

#### **PART 13 EFFECTIVE DATE**

- 13.1 Effective Date** – This Instrument comes into force on December 1, 2001.

**COMPANION POLICY 23-101CP  
TO NATIONAL INSTRUMENT 23-101  
TRADING RULES**

**COMPANION POLICY 23-101CP  
TO NATIONAL INSTRUMENT 23-101  
TRADING RULES**

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**PART 1 INTRODUCTION**

- 1.1 Introduction** - The purpose of this Companion Policy is to state the views of the Canadian securities regulatory authorities on various matters related to National Instrument 23-101 Trading Rules (the "Instrument"), including
- (a) a discussion of the general approach taken by the Canadian securities regulatory authorities in, and the general regulatory purpose for, the Instrument; and
  - (b) the interpretation of various terms and provisions in the Instrument.
- 1.2 Just and Equitable Principles of Trade** - While the Instrument deals with specific trading practices, as a general matter, the Canadian securities regulatory authorities expect marketplace participants to transact business openly and fairly, and in accordance with just and equitable principles of trade.

**PART 2 APPLICATION OF THE INSTRUMENT**

- 2.1 Application of the Instrument** - Section 2.1 of the Instrument provides an exemption from subsection 3.1(1) and Parts 4 and 5 if a person or company complies with rules, policies or other similar instruments established by a recognized exchange that monitors and enforces the requirements set under subsection 7.1(1) of the Instrument directly, a recognized quotation and trade reporting system that monitors and enforces requirements set under subsection 7.3(1) of the Instrument directly or a regulation services provider. The rules, policies or other similar instruments are filed by the recognized exchange, recognized quotation and trade reporting system or regulation services provider and approved by a securities regulatory authority. If a person or company is not in compliance with the requirements of the recognized exchange, recognized quotation and trade reporting system or the regulation services provider, then the exemption does not apply and that person or company is subject to subsection 3.1(1) and Parts 4 and 5 of the Instrument. The exemption from subsection 3.1(1) does not apply in Alberta, British Columbia and Saskatchewan and the relevant provisions of securities legislation apply.

**PART 3 MANIPULATION AND FRAUD**

- 3.1 Manipulation and Fraud**
- (1) Subsection 3.1(1) of the Instrument prohibits the practices of manipulation and deceptive trading, as these may create misleading price and trade

activity, which are detrimental to investors and the integrity of the market.

(2) Subsection 3.1(2) of the Instrument provides that despite subsection 3.1(1) of the Instrument, the provisions of the *Securities Act* (Alberta), the *Securities Act* (British Columbia) and *The Securities Act, 1988* (Saskatchewan), respectively, relating to manipulation and fraud apply in Alberta, British Columbia and Saskatchewan. The jurisdictions listed have provisions in their legislation that deal with manipulation and fraud.

(3) For the purposes of subsection 3.1(1) of the Instrument, and without limiting the generality of those provisions, the Canadian securities regulatory authorities, depending on the circumstances, would normally consider the following to result in, contribute to or create a misleading appearance of trading activity in, or an artificial price for, a security:

(a) Executing transactions in a security if the transactions do not involve a change in beneficial or economic ownership. This includes activities such as wash-trading.

(b) Effecting transactions that have the effect of artificially raising, lowering or maintaining the price of the security. For example, making purchases of or offers to purchase securities at successively higher prices or making sales of or offers to sell a security at successively lower prices or entering an order or orders for the purchase or sale of a security to:

(i) establish a predetermined price or quotation,

(ii) effect a high or low closing price or closing quotation, or

(iii) maintain the trading price, ask price or bid price within a predetermined range.

(c) Entering orders that could reasonably be expected to create an artificial appearance of investor participation in the market. For example, entering an order for the purchase or sale of a security with the knowledge that an order of substantially the same size, at substantially the same time, at substantially the same price for the sale or purchase, respectively, of that security has been or will be entered by or for the same or different persons.

(d) Executing prearranged transactions that have the effect of creating a misleading appearance of active public trading or that have the effect of improperly excluding other marketplace participants from the transaction.

(e) Effecting transactions if the purpose of the transactions is to defer payment for the securities traded.

(f) Entering orders to purchase or sell securities without the ability and the intention to

(i) make the payment necessary to properly settle the transaction, in the case of a purchase; or

(ii) deliver the securities necessary to properly settle the transaction, in the case of a sale.

This includes activities known as free-riding, kiting or debit kiting, in which a person or company avoids having to make payment or deliver securities to settle a trade.

(g) Engaging in any transaction, practice or scheme that unduly interferes with the normal forces of demand for or supply of a security or that artificially restricts or reduces the public float of a security in a way that could reasonably be expected to result in an artificial price for the security.

(h) Engaging in manipulative trading activity designed to increase the value of a derivative position.

(i) Entering a series of orders for a security that are not intended to be executed.

(4) The Canadian securities regulatory authorities do not consider market stabilization activities carried out in connection with a distribution to be activities in breach of subsection 3.1(1) of the Instrument, if the market stabilization activities are carried out in compliance with the rules of the marketplace on which the securities trade or with provisions of securities legislation that permit market stabilization by a person or company in connection with a distribution.

(5) Section 3.1 of the Instrument applies to transactions both on and off a marketplace. In determining whether a transaction results in, contributes to or creates a misleading appearance of trading activity in, or an artificial price for a security, it may be relevant whether the transaction takes place on or off a marketplace. For example, a transfer of securities to a holding company for *bona fide* purposes that takes place off a marketplace would not normally violate section 3.1 even though it is a transfer with no change in beneficial ownership.

(6) The Canadian securities regulatory authorities are of the view that section 3.1 of the Instrument does not create a private right of action.

- (7) In the view of the Canadian securities regulatory authorities, section 3.1 includes attempting to create a misleading appearance of trading activity in or an artificial price for, a security or attempting to perpetrate a fraud.

## PART 4 BEST EXECUTION

### 4.1 Best Execution

- (1) The best execution obligation in Part 4 of the Instrument does not apply to an ATS that is registered as a dealer. However, the best execution obligation does apply to a dealer acting in its role as an intermediary for its client.
- (2) Subsection 4.2(1) of the Instrument requires a dealer acting as agent for a client to make reasonable efforts to ensure that the client receives the best execution price on a purchase or sale of securities by the client.
- (3) For inter-listed securities, the Canadian securities regulatory authorities are of the view that in making reasonable efforts, a dealer should also consider whether it would be appropriate in the particular circumstances to look at markets outside of Canada.
- (4) Subsection 4.2(2) of the Instrument prohibits a dealer acting as agent for a client in any marketplace from "trading through" a better-priced order on another marketplace or with another dealer. In an environment where there are multiple competing marketplaces, it is important that all investors have access to the best price for their orders at time of execution. Without consolidation of these markets, fragmentation may occur if investors are not given information about the best price available or if they are unable to access the best price. In order to mitigate possible negative effects of fragmenting the markets, it is important for these markets to be integrated to prevent trading through a better price existing in another marketplace.
- (5) The Canadian securities regulatory authorities are of the view that in satisfying its fiduciary obligations to its client, a dealer should make reasonable efforts to obtain a lower price on an order to buy or a higher price on an order to sell than is currently available by posting a better bid or offer. In order to achieve this price improvement for a client, the dealer should have an order management system that has the capability of providing price improvement. In addition, the dealer should make reasonable efforts by using facilities providing information regarding orders.
- (6) The Canadian securities regulatory authorities are of the view that dealers should ensure best execution price to clients for their purchases or

sales of foreign exchange-traded securities. To meet this obligation, dealers should look to the foreign markets upon which the securities trade to ensure that the client receives the best execution price on that purchase or sale of securities.

- (7) Subsection 4.2(3) of the Instrument requires that a dealer make reasonable efforts to use facilities providing information regarding orders. These reasonable efforts refer to the use of the information displayed by the information processor.

## PART 5 REGULATORY HALTS

- 5.1 **Regulatory Halts** – In the view of the Canadian securities regulatory authorities, an order may trade on a marketplace despite the fact that trading of the security has been suspended because the issuer of the security has ceased to meet minimum listing or quotation requirements, or has failed to pay to the recognized exchange, the recognized quotation and trading system or the exchange or quotation and trade reporting system recognized for the purposes of the Instrument and NI 21-101 any fees in respect of the listing or quotation of securities of the issuer. Similarly, an order may trade on a marketplace despite the fact that trading of the security has been delayed or halted because of technical problems affecting only the trading system of the recognized exchange, recognized quotation and trading system or exchange or quotation and trade reporting system recognized for the purposes of the Instrument and NI 21-101.

## PART 6 TRADING HOURS

### 6.1 Trading Hours

- (1) Section 6.1 of the Instrument provides that each marketplace shall set requirements in respect of the hours of trading to be observed by marketplace participants. A marketplace may have after hours trading at any prices.
- (2) An ATS can trade after hours at prices outside of the closing bid price and ask price of a security set by the marketplace where that security is listed or quoted.

## PART 7 MONITORING AND ENFORCEMENT

- 7.1 **Monitoring and Enforcement of Requirements Set By a Recognized Exchange or Recognized Quotation and Trade Reporting System** - Under section 7.1 of the Instrument, a recognized exchange will set its own requirements governing the conduct of its members. Under section 7.3 of the Instrument, a recognized quotation and trade reporting system will set its own requirements governing the conduct of its users. The recognized exchange or recognized quotation and trade reporting system can monitor and

enforce these requirements either directly or indirectly through a regulation services provider. A regulation services provider is a person or company that provides regulation services and is either a recognized exchange, recognized quotation and trade reporting system or a recognized self-regulatory entity. Sections 7.2 and 7.4 of the Instrument require the recognized exchange or recognized quotation and trade reporting system that chooses to have the monitoring and enforcement performed by the regulation services provider to enter into an agreement with the regulation services provider in which the regulation services provider agrees to enforce the requirements of the recognized exchange or recognized quotation and trade reporting system.

**7.2 Monitoring and Enforcement Requirements for an ATS** - Section 8.2 of the Instrument requires the regulation services provider to set requirements that govern an ATS and its subscribers. Before executing a trade for a subscriber, the ATS must enter into an agreement with a regulation services provider and an agreement with each subscriber. These agreements form the basis upon which a regulation services provider will monitor the trading activities of the ATS and its subscribers and enforce its requirements. The requirements set by a regulation services provider must include requirements that the ATS and its subscribers will conduct trading activities in compliance with the Instrument. The ATS and its subscribers are considered to be in compliance with the Instrument and are exempt from the application of most of its provisions if the ATS and the subscriber are in compliance with the requirements set by a regulation services provider.

**7.3 Monitoring and Enforcement Requirements for an Inter-Dealer Bond Broker** - Section 9.1 of the Instrument requires that a regulation services provider set requirements governing the conduct of an inter-dealer bond broker. Under section 9.2 of the Instrument, the inter-dealer bond broker must enter into an agreement with the regulation services provider providing that the regulation services provider monitor the activities of the inter-dealer bond broker and enforce the requirements set by the regulation services provider.

**7.4 Monitoring and Enforcement Requirements for a Dealer Executing Trades of Unlisted Debt Securities Outside of a Marketplace** - Section 10.1 of the Instrument requires that a regulation services provider set requirements governing the conduct of a dealer executing trades of unlisted debt securities outside of a marketplace. Under section 10.2 of the Instrument, the dealer must also enter into an agreement with the regulation services provider providing that the regulation services provider monitor the activities of the dealer and enforce the requirements set by the regulation services provider.

## PART 8 AUDIT TRAIL REQUIREMENTS

**8.1 Audit Trail Requirements** - Section 11.2 of the Instrument imposes obligations on dealers and inter-dealer bond brokers to record in electronic form and to report certain items of information with respect to orders and trades. The purpose of the obligations set out in Part 11 is to enable the entity performing the monitoring and surveillance functions to construct an audit trail of order, quotation and transaction data which will enhance its surveillance and examination capabilities.

**8.2 Transmission of Information to a Regulation Services Provider** - Subsection 11.2(5) of the Instrument requires that a dealer and an inter-dealer bond broker provide to the regulation services provider information as required by the information services provider in the format and at the time required by the regulation services provider. This requirement is triggered only when the regulation services provider sets requirements to transmit information.



**ONTARIO SECURITIES COMMISSION RULE 23-501**

**DESIGNATION AS MARKET PARTICIPANT**

- 1.1 **Alternative Trading System** - An alternative trading system is designated as a market participant for the purposes of the Act.
- 1.2 **Information Processor** - An information processor is designated as a market participant for the purposes of the Act.

**5.1.3 Notice of Amendment to Rule Under the Securities Act**

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

**Notice of Amendment**

The Commission has, under section 143 of the *Securities Act* (the "Act"), amended the rule entitled *In the Matter of Certain Reporting Issuers* [including National Policy Statement No. 41] (1997), 20 OSCB 1219, as amended by (1999), 22 OSCB 152, (2000), 23 OSCB 288 and (2000), 23 OSCB 6725 (the "Rule"). The amendment extends the expiration date of the Rule from December 31, 2001 to June 30, 2002. This amendment, however, does not materially change the Rule and, accordingly, under section 143.2 of the Act, the Commission has not published the amendment for comment.

The amendment and the material required by the Act to be delivered to the Minister of Finance were delivered on October 25, 2001. If the Minister does not approve the amendment, reject the amendment or return it to the Commission for further consideration by December 24, 2001, the amendment will come into force on January 8, 2002. If the Minister approves the amendment, it will come into force 15 days after it is approved.

**Substance and Purpose of Amendment**

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

The Rule provides that it expires on the earlier of the date on which a new rule intended to replace it comes into force and December 31, 2001. It is intended that the Rule be replaced by National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer, which was published for a third comment period on September 1, 2000 at (2000), 23 OSCB 5937, together with proposed National Instrument 54-102 Supplemental Mailing Lists and Interim Financial Statements. National Instrument 54-102 has been proposed to replace the provisions of NP 41 pertaining to supplemental mailing lists, but has not been republished for comment since it was first published in February 1998 with the then proposed National Instrument 54-101. National Instrument 54-102 is expected to be adopted by the Canadian Securities Administrators at the same time as National Instrument 54-101, without material changes from the version of National Instrument 54-102 that was published in February 1998.

The purpose of the amendment is to extend the expiration date of the Rule from "December 31, 2001" to "June 30, 2002" in order to allow the Commission and other members of the Canadian Securities Administrators additional time to consider and respond to comments in respect of the proposed National Instrument, including comments related to implementation, before finalizing the National Instrument.

**Text of Amendment**

The text of the amendment follows.

November 2, 2001

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

- 1.1 **Amendment** - The Rule entitled *In the Matter of Certain Reporting Issuers* [including National Policy Statement No. 41] (1997), 20 OSCB 1219, as amended by (1999), 22 OSCB 152, (2000), 23 OSCB 288 and (2000), 23 OSCB 6725, is amended by deleting "December 31, 2001" in the last sentence and replacing it with "June 30, 2002".

**Chapter 6**  
**Request for Comments**

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IN THIS ISSUE**

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## Chapter 7

# Insider Reporting

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

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

To obtain Insider Reporting information, please visit the SEDI website ([www.sedi.ca](http://www.sedi.ca)).

## Chapter 8

# Notice of Exempt Financings

### Exempt Financings

The Ontario Securities Commission reminds issuers 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	724 Solutions Inc. - Common Shares	294,436	96,900
28Sep01	Acuity Pooled High Income Fund - Trust Units	190,438	14,139
27Sep01	Acuity Pooled Hing Income Fund - Trust Units	150,328	11,180
04Jul01	Arizona Star Resource Corp. - Stock Options Granted for Common Shares	75,000	75,000
12Oct01	Arrow Goodwood Fund - Units	300,000	28,735
28Sep01	BPI American Opportunities Fund - Units	300,000	2,476
05Oct01	Burgundy Smaller Companies Fund - Units	150,000	7,719
05Oct01	Burgundy Small Cap Value Fund - Units	150,000	3,961
05Oct01	Burgundy Smaller Companies Fund - Units	150,414	7,738
11Oct01	Calpine Corporation - 8.5% Senior Notes Due 15Feb11	1,823,613	1,823,613
01Oct01	Canadian Pacific Railway Limited - Common Shares	31,993,719	1,276,669
30Sep01	Canadian Golden Dragon Resources Ltd. - Common Shares	4,500	25,000
12Oct01	Canadian Golden Dragon Resources Ltd. - Common Shares	2,500	12,500
07Oct01	Canadian Golden Dragon Resources Ltd. - Common Shares	4,750	25,000
10Oct01	Capture.Net Technologies Inc. - Debenture Convertible into Common Shares and Share Purchase Warrants	180,000	600,000
10Oct01	Cardiome Pharma Corp. - Special Warrants	699,999	1,166,666
01Jul01 to 30Sep01	Connor Clark Private Trust - Units	5,678,884	5,678,884
04Oct01 to 08Oct01	Crossfield Gas Corp. - Common Shares and Flow-Through Shares	1,089,010, 611,240	1,089,010, 509,367 Resp.
12Oct01	Exclamation International Incorporated - Common Shares	200,000	400,000
09Oct01	Executive Manufacturing Technologies Inc. - Series B Convertible Preferred Shares	2,999,880	46,152
16Oct01	Ivanhoe Energy Inc. - Special Warrants	US\$6,711,200	4,194,500
09Oct01	JC Penney - 5% Convertible Subordinated Notes Due 2008	\$1,565,400	\$1,565,400
15Mar01	Kingwest Avenue Portfolio - Units	2,112,545	111,020
21Sep01	LGC Wireless, Inc. - Shares	7,849,998	5,136,106
17Oct01	Majescor Resources Inc. - Units	650,000	1,083,334
28Sep01	Mapleridge Limited Partnership - Units	31,580,000	20,000
25Sep01	Medbroadcast Corporation - Units	250,000	1,562,500
12Oct01	Millennium Financial Management Ltd. - Promissory Notes due April 12, 2003	2,747,900	2,747,900

**Notice of Exempt Financings**

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
28Sep01	Morgan Stanley Dean Witter Investment Management Inc. - Units	2,750,000	223,881
05Oct01	Ozz Corporation - Common Shares	9,235,000	9,235,000
10Oct01	# Performance Food Group Company - Common Stock	1,370,720	52,000
12Oct01	Plazmic Inc. - Convertible Debentures	177,332	177,332
08Oct01	River Gold Mines Ltd. - Common Shares	1,000,000	600,000
02Oct01	Royal Laser Tech Corporation - Common Shares	4,642,000	844,000
01Jul01 to 28Sep01	Royal Trust Company, The - Units	98,955,431	10,828,451
19Sep01	Royal Trust Company, The - Units	491,650	16,059
17Sep01	Royal Trust Company, The - Units	492,677	13,854
22Aug01	Royal Trust Company, The - Units	1,196,077	43,960
26Sep01	Royal Trust Company, The - Units	2,368,485	228,980
04Jul01	Royal Trust Company, The - Units	2,076,743	58,966
13Sep01	Royal Trust Company, The - Units	2,244,913	96,866
05Sep01	Royal Trust Company, The - Units	1,452,297	34,757
29Aug01	Royal Trust Company, The - Units	492,072	20,353
15Aug01	Royal Trust Company, The - Units	1,711,319	58,492
01Aug01	Royal Trust Company, The - Units	1,882,938	57,560
01Aug01	Royal Trust Company, The - Units	1,636,007	43,632
25Jul01	Royal Trust Company, The - Units	1,477,362	42,155
25Jul01	Royal Trust Company, The - Units	900,597	24,232
11Jul01	Royal Trust Company, The - Units	20,803,627	756,901
03Oct01	Stacey Investment Limited Partnership - Limited Partnership Units	525,009	24,083
02Oct01	Stealth Minerals Limited - Stock Options	22,000	220,000
27Sep01	Summo Minerals Corporation - Common Shares	138,078	1,332,159
10Oct01	T.I.C.C. Limited - First Mortgage Bonds, Series C	3,250,000	3,250,000
28Sep01	Tarian Software Inc. - Class B Preferred Shares	4,000,000	2,000,000
28Sep01	Trident Global Opportunities Fund - Units	200,000	4,643
17Oct01	TUSK Energy Inc. - Flow-Through Common Shares	600,000	600,000
16Oct01	ViXS Systems Inc. - A Promissory Note and Option to Acquire A Warrant of the Issuer to Purchase up to 583,333 Series B Preferred Shares	2,749,075	2,749,075

**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>
Sydenham Capital Inc.	24Jul01

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

<u>Seller</u>	<u>Security</u>	<u>Amount</u>
Catherine and Maxwell Meighen Foundation, The	Canadian General Investments, Limited - Common Shares	1,106,000
Mullan, Glenn J.	Canadian Royalties Inc. - Common Shares	400,000
Matthews-Cartier Holdings Limited	Canfor Corporation - Common Shares	400,000
Communication Mens Sana Incorporee	Cossette Communication Group Inc. - Subordinate Voting Shares	5,177
Lauren Communications Ltd.	Cossette Communication Group Inc. - Subordinate Voting Shares	39,359
Gestion Drab Inc.	Cossette Communication Group Inc. - Subordinate Voting Shares	25,828
Les investissements Maba Inc.	Cossette Communication Group Inc. - Subordinate Voting Shares	13,123
Targa Group Inc.	Plaintree Systems Inc. - Common Shares	11,988,665
Catherine and Maxwell Meighen Foundation, The	Third Canadian General Investment Trust Limited - Common Shares	663,982



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**Chapter 9**  
**Legislation**

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## Chapter 11

# IPOs, New Issues and Secondary Financings

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**Issuer Name:**

3D Visit Inc.

Principal Regulator - Quebec

**Type and Date:**

Preliminary Prospectus dated October 26th, 2001

Mutual Reliance Review System Receipt dated October 31<sup>st</sup>, 2001

**Offering Price and Description:**

A minimum of \* Units and a Maximum of \* Units at a Price of \$ \* per Unit and 2,377,090 Common Shares and 1,188,545 Warrants Issuable Upon Conversion of 2,377,090 Special Shares

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

Canaccord Capital Corporation

**Promoter(s):**

Jean-Pierre Poulin

Project #397900

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**Issuer Name:**

Associates Capital Corporation of Canada

Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated October 29th, 2001

Mutual Reliance Review System Receipt dated October 31st, 2001

**Offering Price and Description:**

\$3,000,000,000 - Medium Term Notes (2001 Series) (unsecured)

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

TD Securities Inc.

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

Scotia Capital Inc.

**Promoter(s):**

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Project #398099

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**Issuer Name:**

BC GAS INC.

Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated October 29th, 2001

Mutual Reliance Review System Receipt dated October 29th, 2001

**Offering Price and Description:**

\$188,269,200 - 5,208,000 Subscription Receipts, each representing the right to receive one Common Share. Price \$36.15 per Subscription Receipt

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

RBC Dominion Securities Inc.

Scotia Capital Inc.

CIBC World Markets Inc.

TD Securities Inc.

National Bank Financial Inc.

BMO Nesbitt Burns Inc.

Raymond James Ltd.

**Promoter(s):**

-

Project #397559

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**Issuer Name:**

Biovail Corporation (formerly Biovail Corporation International)

Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated October 26th, 2001

Mutual Reliance Review System Receipt dated October 26th, 2001

**Offering Price and Description:**

Common Shares Debt Securities Warrants, US\$1,500,000

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

-

**Promoter(s):**

-

Project #396930

**Issuer Name:**

Canadian Apartment Properties Real Estate Investment Trust  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated October 25th, 2001  
Mutual Reliance Review System Receipt dated October 25th, 2001

**Offering Price and Description:**

\$45,012,500 - 3,250,000 Units @ \$13,85 per Unit

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

RBC Dominion Securities Inc.

Scotia Capital Inc.

TD Securities Inc.

CIBC World Markets Inc.

National Bank Financial Inc.

BMO Nesbitt Burns Inc.

HSBC Securities (Canada) Inc.

Merill Lynch Canada Inc.

Raymond James Ltd.

Canaccord Capital Corporation

**Promoter(s):**

-

Project #396431

**Issuer Name:**

Cominar Real Estate Investment Trust

Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated October 26th, 2001  
Mutual Reliance Review System Receipt dated October 26th, 2001

**Offering Price and Description:**

\$37,450,000 - 3,500,000 Units @ \$10.70 per Unit

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

National Bank Financial Inc.

Desjardins Securities Inc.

Scotia Capital Inc.

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

TD Securities Inc.

Raymond James Ltd.

**Promoter(s):**

-

Project #396874

**Issuer Name:**

Counsel Conservative Portfolio

Counsel Balanced Portfolio

Counsel Balanced RSP Portfolio

Counsel Growth Portfolio

Counsel Growth RSP Portfolio

Counsel All Equity Portfolio

Counsel All Equity RSP Portfolio

Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated October 31<sup>st</sup>, 2001  
Mutual Reliance Review System Receipt dated October 31<sup>st</sup>, 2001

**Offering Price and Description:**

Mutual Fund Securities Net Asset Value

**Underwriter(s):**

-

**Promoter(s):**

-

Project #398161

**Issuer Name:**

Dominion Canada Finance Company

Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated October 24th, 2001

Mutual Reliance Review System Receipt dated October 25th, 2001

**Offering Price and Description:**

\$750,000,000 Medium Term Notes (unsecured)

Unconditionally guaranteed as to principal, premium (if any),  
interest and certain other amount by

Dominion Resources, Inc.

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

Scotia Capital Inc.

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

**Promoter(s):**

Dominion Resources, Inc.

Project #396492

**Issuer Name:**

Enerplus Resources Fund

Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated October 29th, 2001  
Mutual Reliance Review System Receipt dated October 29th, 2001

**Offering Price and Description:**

\$92,812,500 - 3,750,000 Trust Units @ \$24.75 per Trust Unit

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

CIBC World Markets Inc.

Merrill Lynch Canada Inc.

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

National Bank Financial Inc.

Scotia Capital Inc.

TD Securities Inc.

Raymond James Ltd.

**Promoter(s):**

-

Project #397525

**Issuer Name:**

Enervest FTS Limited Partnership 2001  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Prospectus dated October 30th, 2001  
Mutual Reliance Review System Receipt dated October 31st, 2001

**Offering Price and Description:**

\$2,500,000 to \$10,000,000 - 100,000 to 400,000 Limited Partnership Units @\$25.00 per Unit

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

Research Capital Corporation

**Promoter(s):**

EnerVest and EnerVest 2001 General Partner Corp.  
Project #397992

**Issuer Name:**

HIGHWOOD RESOURCES LTD.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Prospectus dated October 26th, 2001  
Mutual Reliance Review System Receipt dated October 30th, 2001

**Offering Price and Description:**

Rights to Subscribe for Common Shares \$ \* Each,  
Up to \* Rights  
(\$2,250,000)

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

**Promoter(s):**

Project #397629

**Issuer Name:**

Impact Energy Inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Prospectus dated October 26th, 2001  
Mutual Reliance Review System Receipt dated October 29th, 2001

**Offering Price and Description:**

\$3,000,084 - 6,666,737 Common Shares issuable on exercise of outstanding Special Warrants @ \$1.20 per Special Warrant

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

Griffiths McBurney & Partners  
FirstEnergy Capital Corp.  
Yorkton Securities Inc.  
National Bank Financial Inc.

**Promoter(s):**

Peter N. Bannister  
Paul Colborne  
Project #397025

**Issuer Name:**

Ivanhoe Energy Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated October 29th, 2001  
Mutual Reliance Review System Receipt dated October 30th, 2001

**Offering Price and Description:**

US\$18,016,800 up to 11,886,550 Common Shares to be issued upon the exercise of 11,260,500 Special Warrants

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

**Promoter(s):**

Project #397524

**Issuer Name:**

JML Resources Ltd.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Prospectus dated October 30th, 2001  
Mutual Reliance Review System Receipt dated October 31st, 2001

**Offering Price and Description:**

Up to \* Units (\$500,000) \$ \* per Unit - and -  
Minimum Offering: \* Flow-Through Shares (\$600,000)  
Maximum Offering: \* Flow-Through Shares (\$1,500,000) - and

3,579,760 Common Shares as a Dividend-in-Kind - and -  
357,976 Common Shares Issuable for Property Acquisition

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

Jennings Capital Inc.

**Promoter(s):**

Project #398058

**Issuer Name:**

Magna Entertainment Corp.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form PREP Prospectus dated October 26th, 2001  
Mutual Reliance Review System Receipt dated October 30th, 2001

**Offering Price and Description:**

\$ \* - 20,000,000 Shares of Class A Subordinate Voting Stock

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

BMO Nesbitt Burns Inc.  
CIBC World Markets Inc.

**Promoter(s):**

Magna International Inc.  
Project #397577

**Issuer Name:**

NAL Oil & Gas Trust  
Principal Regulator - Alberta

**Type and Date:**

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

**Offering Price and Description:**

\$30,150,000 - 3,350,000 Trust Units

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

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

**Promoter(s):**

-  
Project #396356

**Issuer Name:**

Phoenix Technology Services Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Prospectus dated October 29th, 2001  
Mutual Reliance Review System Receipt dated October 29th, 2001

**Offering Price and Description:**

\$7,841,080 - 4,144,960 Common Shares Issuable Upon  
Exercise of 1,844,960 Series A  
Special Warrants and 2,300,000 Series B Special Warrants

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

FirstEnergy Capital Corp.  
Loewen, Ondaatje, McCutcheon Limited  
TD Securities Inc.  
Peters & Co. Limited

**Promoter(s):**

John M. Hooks  
Project #397538

**Issuer Name:**

Primerica Canadian Money Market Portfolio Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated October 26th, 2001  
Mutual Reliance Review System Receipt dated October 29th, 2001

**Offering Price and Description:**

Mutual Fund Securities Net Asset Value

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

**Promoter(s):**

-  
Project #396980

**Issuer Name:**

Retirement Residences Real Estate Investment Trust  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated October 31st, 2001  
Mutual Reliance Review System Receipt dated October 31st, 2001

**Offering Price and Description:**

\$40,537,500 - 3,450,000 Units @ \$11.75 per Unit

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

CIBC World Markets Inc.  
HSBC Securities (Canada) Inc.  
Merrill Lynch Canada Inc.  
RBC Dominion Securities Inc.  
TD Securities Inc.  
National Bank Financial Inc.  
Raymond James Ltd.

**Promoter(s):**

-  
Project #398128

**Issuer Name:**

Shiningbank Energy Income Fund  
Principal Regulator - Alberta

**Type and Date:**

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

**Offering Price and Description:**

\$26,800,000 - 2,000,000 Trust Units @ \$13.40 per Trust Unit

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

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

**Promoter(s):**

-  
Project #396351

**Issuer Name:**

Shoppers Drug-Mart Corporation  
Principal Regulator - Ontario

**Type and Date:**

Preliminary PREP Prospectus dated October 25th, 2001  
Mutual Reliance Review System Receipt dated October 25th, 2001

**Offering Price and Description:**

\$ \* - 30,000,000 Common Shares @ \$ \* per Common Share

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

CIBC World Markets Inc.  
Scotia Capital Inc.  
Merrill Lynch Canada Inc.  
Credit Suisse First Boston Securities Canada Inc.  
RBC Dominion Securities Inc.  
UBS Bunting Warburg Inc.

**Promoter(s):**

-  
Project #396418

**Issuer Name:**

StartingStartups Investment Fund Inc.

**Type and Date:**

Preliminary Prospectus dated October 31<sup>st</sup>, 2001

Receipt dated November 1<sup>st</sup>, 2001

**Offering Price and Description:**

Class A Shares

Offering Price @ \$10.00 per Class A Share

Minimum Initial Subscription \$1,000.00

Minimum Subsequent Subscription \$500.00

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

**Promoter(s):**

Project #398208

**Issuer Name:**

AGF Canadian Aggressive Equity Fund

AGF Latin America Fund

Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 18th, 2001, to the Amended and Restated Simplified Prospectus and Annual

Information Form dated July 5<sup>th</sup>, 2001, Amending and restating the Simplified Prospectus and Annual Information

Form dated April 25th, 2001

Mutual Reliance Review System Receipt dated 26<sup>th</sup> day of October, 2001

**Offering Price and Description:**

Offering of Series F Securities

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

**Promoter(s):**

Project #339955

**Issuer Name:**

AGF Canadian Aggressive Equity Fund

AGF Canadian Opportunities Fund

AGF Latin America Fund

Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 18th, 2001 to the Amended and Restated Simplified Prospectus and Annual Information

Form dated June 28th, 2001, amending and restating the Simplified Prospectus and Annual Information Form dated

March 26th, 2001

Mutual Reliance Review System Receipt dated 26<sup>th</sup> day of October, 2001

**Offering Price and Description:**

Offering of Mutual Fund Series

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

**Promoter(s):**

Project #332119

**Issuer Name:**

AGF Canadian Opportunities Fund

Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 18th, 2001 to the Amended and Restated Simplified Prospectus and Annual

Information Form dated July 5<sup>th</sup>, 2001, amending and restating the Simplified Prospectus and Annual Information

Form date June 27th, 2001

Mutual Reliance Review System Receipt dated 26<sup>th</sup> day of October, 2001

**Offering Price and Description:**

Offering Series F Securities

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

**Promoter(s):**

Project #364812

**Issuer Name:**

SCORE Trust

Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 29th, 2001 to Final Short Form Shelf Prospectus dated October 18th, 2001

Mutual Reliance Review System Receipt dated 30<sup>th</sup> day of October, 2001

**Offering Price and Description:**

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

**Promoter(s):**

Sears Canada Inc.

Project #391824

**Issuer Name:**

Capital Alliance Ventures Inc.

**Type and Date:**

Final Prospectus dated October 30th, 2001

Receipt dated 31<sup>st</sup> day of October, 2001

**Offering Price and Description:**

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

**Promoter(s):**

Project #392399



**Issuer Name:**

Connors Bros. Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated October 26th, 2001  
Mutual Reliance Review System Receipt dated 29<sup>th</sup> day of  
October, 2001

**Offering Price and Description:**

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

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

**Promoter(s):**

George Weston Limited  
Project #391338

**Issuer Name:**

Creststreet 2001 (II) Limited Partnership  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated October 30th, 2001  
Mutual Reliance Review System Receipt dated 30<sup>th</sup> day of  
October, 2001

**Offering Price and Description:**

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

**Promoter(s):**

Project #392026

**Issuer Name:**

Qwest Energy (2001) Limited Partnership  
Principal Regulator - British Columbia

**Type and Date:**

Final Prospectus dated October 26th, 2001  
Mutual Reliance Review System Receipt dated 30<sup>th</sup> day of  
October, 2001

**Offering Price and Description:**

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

Canaccord Capital Corporation  
TD Securities Inc.  
Yorkton Securities Inc.  
Haywood Securities Inc.  
Research Capital Corp.  
Wellington West Capital Inc.

**Promoter(s):**

Qwest Energy Corp.  
Project #392215

**Issuer Name:**

Riverstone Resources Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Final Prospectus dated October 24th, 2001  
Mutual Reliance Review System Receipt dated 26<sup>th</sup> day of  
October, 2001

**Offering Price and Description:**

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

Yorkton Securities Inc.

**Promoter(s):**

Project #376849

**Issuer Name:**

TDK (2001) Flow-Through Limited Partnership  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated October 26th, 2001  
Mutual Reliance Review System Receipt dated 26<sup>th</sup> day of  
October, 2001

**Offering Price and Description:**

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

**Promoter(s):**

Project #382347

**Issuer Name:**

CU Inc.  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Shelf Prospectus dated October 26th, 2001  
Mutual Reliance Review System Receipt dated 26<sup>th</sup> day of  
October, 2001

**Offering Price and Description:**

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

BMO Nesbitt Burns Inc.  
RBC Dominion Securities Inc.  
TD Securities Inc.

**Promoter(s):**

Project #394354

**Issuer Name:**

H&R Real Estate Investment Trust  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated October 25th, 2001  
Mutual Reliance Review System Receipt dated 25<sup>th</sup> day of  
October, 2001

**Offering Price and Description:**

**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:**

Labopharm Inc.  
Principal Regulator - Quebec

**Type and Date:**

Final Short Form Prospectus dated October 29th, 2001  
Mutual Reliance Review System Receipt dated 29<sup>th</sup> day of  
October, 2001

**Offering Price and Description:**

**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:**

Final Short Form Prospectus dated October 25th, 2001  
Mutual Reliance Review System Receipt dated 25<sup>th</sup> day of  
October, 2001

**Offering Price and Description:**

**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:**

NAL Oil & Gas Trust  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated October 31st, 2001  
Mutual Reliance Review System Receipt dated 31<sup>st</sup> day of  
October, 2001

**Offering Price and Description:**

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

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

**Promoter(s):**

Project #396356

**Issuer Name:**

UTS Energy Corporation  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated October 24th, 2001  
Mutual Reliance Review System Receipt dated 25<sup>th</sup> day of  
October, 2001

**Offering Price and Description:**

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

TD Securities Inc.  
National Bank Financial Inc.

**Promoter(s):**

Project #394921

**Issuer Name:**

Artisan Canadian T-Bill Portfolio  
Artisan Most Conservative Portfolio  
Artisan Conservative Portfolio  
Artisan Moderate Portfolio  
Artisan RSP Moderate Portfolio  
Artisan Global Advantage Portfolio  
Artisan RSP Global Advantage Portfolio  
Artisan Growth Portfolio  
Artisan RSP Growth Portfolio  
Artisan High Growth Portfolio  
Artisan RSP High Growth Portfolio  
Artisan Maximum Growth Portfolio  
Artisan RSP Maximum Growth Portfolio  
Artisan New Economy Portfolio

**Type and Date:**

Final Simplified Prospectus and Annual Information Form  
dated October 25th, 2001  
Mutual Reliance Review System Receipt dated 26<sup>th</sup> day of  
October, 2001

**Offering Price and Description:**

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

**Promoter(s):**

Project #391010

**Issuer Name:**

Monrusco Bolton Continental Europe Equity Fund  
Monrusco Bolton Balanced + Fund  
Monrusco Bolton International Equity Fund  
Monrusco Bolton U.S. Index Fund  
Monrusco Bolton Taxable U.S. Equity Fund  
Monrusco Bolton Enterprise Fund  
Monrusco Bolton Canadian Companies Fund  
Monrusco Bolton Bond Index + Fund  
Monrusco Bolton T-Max Fund  
Principal Regulator - Quebec

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated October 17th, 2001  
Mutual Reliance Review System Receipt dated 24<sup>th</sup> day of October, 2001

**Offering Price and Description:**

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

**Promoter(s):**

Project #388688

**Issuer Name:**

Sprott Gold and Precious Minerals Fund  
Sprott Canadian Equity Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated October 16th, 2001  
Mutual Reliance Review System Receipt dated 26<sup>th</sup> day of October, 2001

**Offering Price and Description:**

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

**Promoter(s):**

Project #387361

**Issuer Name:**

Creststreet Resource Fund (III) Limited  
[formerly Creststreet Resource (III) Limited]  
Principal Jurisdiction - Ontario

**Type and Date:**

Preliminary Prospectus dated October 1st, 2001  
Withdrawn on October 30th, 2001

**Offering Price and Description:**

\$5,000,000 to \$20,000,000 - 500,000 to 2,000,0000 Limited Partnership Units

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

Creststreet Asset Management Limited

**Promoter(s):**

Project #392101

**Issuer Name:**

Expatriate Resources Ltd.

**Type and Date:**

Preliminary Prospectus dated October 29<sup>th</sup>, 1999  
Withdrawn on October 16<sup>th</sup>, 2001

**Offering Price and Description:**

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

**Promoter(s):**

Project #215529

**Issuer Name:**

Magna Entertainment Corp.  
Principal Jurisdiction - Ontario

**Type and Date:**

Preliminary Shelf Prospectus dated September 28th, 2001  
Withdrawn on October 29th, 2001

**Offering Price and Description:**

US\$500,000,000 - Debt Securities Class A Subordinate Voting Stock Warrants to Purchase Debt Securities or Class A Subordinate Voting Stock

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

**Promoter(s):**

Magna International Inc.  
Project #392099

## Chapter 12

# Registrations

### 12.1.1 Securities

Type	Company	Category of Registration	Effective Date
New Registration	Sceptre Mutual Fund Dealer Inc. Attention: Betty Ballantine Horton 26 Wellington St East 12 <sup>th</sup> Floor Toronto ON M5E 1W4	Mutual Fund Dealer	Oct 24/01
New Registration	The Glen Ardith Company Ltd. Attention: Andrew John Bertram 251 Queens Quay West Suite 505 Toronto ON M5J 2N6	Investment Counsel & Portfolio Manager	Oct 30/01
New Recognition	Robert Luburic Compliance and Registrations BGICL Canadian Tactical Asset Allocation Fund 161 Bay Street Suite 2500, PO Box 614 Toronto ON M5J 2S1	Exempt Purchaser	Oct 26/01
Change of Name	Gluskin Sheff + Associates Inc. Attention: Harvey Barry Bernstein 181 Bay Street BCE Place, Suite 4600 PO Box 774 - The GS&A RRSP Fund Toronto ON M5J 2T3	From: Gluskin Sheff & Associates Inc.  To: Gluskin Sheff + Associates Inc.	Sep 27/01
Voluntary Surrender of Registration	Perigree Partners 320 Bay Street Box 9, Suite 1400 Toronto ON M5H 4A6	Investment Counsel & Portfolio Manager	Oct 23/01

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Chapter 13

**SRO Notices and Disciplinary Proceedings**

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

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