

The Ontario Securities Commission

OSC Bulletin

November 16, 2001

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

The Ontario Securities Commission

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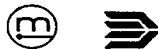


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Chapter 1

Notices / News Releases

1.1 Notices

SCHEDULED OSC HEARINGS

1.1.1 Current Proceedings Before The Ontario Securities Commission

November 16, 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

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Howard Wetston, Q.C., Vice-Chair	—	HW
Kerry D. Adams, FCA	—	KDA
Derek Brown	—	DB
Robert W. Davis, FCA	—	RWD
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
H. Lorne Morphy, Q. C.	—	HLM
R. Stephen Paddon, Q.C.	—	RSP

Date to be announced

Mark Bonham and Bonham & Co. Inc.

s. 127

M. Kennedy in attendance for staff

Panel: TBA

November 26/2001

Michael Bourgon

s. 127

H. Corbett in attendance for staff

Panel: PMM

November 30/2001
10:00 a.m.

Rampart Securities Inc.

s. 127

T. 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

Y. 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

J. Superina in attendance for staff.

Panel: HIW

December 7/2001 Michael Goselin, Irvine Dyck, Donald McCrory, Roger Chiasson
 9:00 a.m. s.127
 T. Pratt in attendance for staff
 Panel: TBA

December 17/2001 James Frederick Pincock
 10:00 a.m. ss. 127
 J. Superina in attendance for staff.
 Panel: PMM

January 8,10,11, 17,18,22,24,25, 31/2002 YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths McBurney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)
 10:00 a.m. s.127

January 15,29, February 12 2:00 p.m. K. Daniels/M. Code/J. Naster/I. Smith in attendance for staff.

March 5,7,8,14, 15,19,21,22,28, 29/2002 10:00 a.m. s.127

March 12, 26 2:00 p.m. K. Daniels/M. Code/J. Naster/I. Smith in attendance for staff.

April 2,4,5,11,12 10:00 a.m. Panel: HIW / DB / RWD

April 9, 2002 2:00 p.m. Panel: HIW / DB / RWD

January 3/2002 Jack Banks et al.
 s. 127
 Ian Smith in attendance for staff.
 Panel: PMM

Feb 4-6, 13-15, 28, 2002 Arlington Securities Inc. and Samuel Arthur Brian Milne
 9:30 a.m. s. 127
 J. Superina in attendance for staff.
 Panel: PMM

April 15 - 19, 2002 Sohan Singh Koonar
 9:00 a.m. s. 127
 J. Superina in attendance for staff
 Panel: PMM

May 27 - July 5, 2002 Michael Cowpland and M.C.J.C. Holdings Inc.
 s. 122
 M. Kennedy and M. Britton in attendance for staff.
 161 Elgin Street, Ottawa

ADJOURNED SINE DIE

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

PROVINCIAL DIVISION PROCEEDINGS

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**

S. B. McLaughlin

Southwest Securities

Terry G. Dodsley

**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 OSC Staff Notice - Continuous Disclosure Review Program

OSC STAFF NOTICE 51-706 CONTINUOUS DISCLOSURE REVIEW PROGRAM REPORT - NOVEMBER 2001

1. Introduction

The Continuous Disclosure Team of the Ontario Securities Commission's Corporate Finance Branch intends at least annually to issue a report on the progress of its Continuous Disclosure Review program (the "CD Review Program"). The purpose and scope of the CD Review Program were described in OSC Staff Notice 51-703, *Implementation of Reporting Issuer Continuous Disclosure Review Program, Corporate Finance Branch*.

In addition to the CD Review Program, the CD team is involved in a range of day-to-day activities and policy-making initiatives. These are beyond the scope of this report.

2. Overview Of Activities

In OSC Staff Notice 51-703, Staff stated that the OSC's goal is for reporting issuers with an Ontario head office to be subject to a CD review, on average, once every four years. Full-scale implementation of the CD Review Program commenced on July 1, 2000. Between that date and March 31, 2001, 148 CD reviews were commenced by the CD team. Of these reviews, 75 were carried out as part of a targeted review of revenue recognition practices. Staff reported on this initiative in February in OSC Staff Notice 52-701 - *Initial Report on Staff's Review of Revenue Recognition Practices*. The other 73 reviews commenced by the CD team consisted mainly of full reviews, along with various issue-oriented reviews to follow up on items identified through staff's daily reviews of media reports, by an investor complaint, or through other sources.

As described in Staff Notice 51-703, corporate finance team staff also reviews a selection of CD materials at the same time as the "full review" of a prospectus and as part of the review of rights offerings circulars. 159 CD reviews of this kind were carried out during the year. In total therefore, 307 CD reviews were commenced during the year to March 31, 2001, representing some 18% of Ontario-based reporting issues. As noted, the CD Review Program had not been fully implemented during the first three months of the year. The focus of this report will be on the 148 CD reviews conducted outside of a prospectus context. In future years, we intend to issue a more comprehensive report on the results of all CD reviews, including those conducted by the corporate finance teams.

On the whole, staff was satisfied with the results of the CD Review Program for this year. Very few CD reviews were carried out in which staff failed to raise comments on potentially material issues. However, issuers generally responded to these comments in sufficient detail such that only limited further follow-up by staff was necessary.

In answer to approximately one third of the reviews conducted to date, the issuer made a commitment to staff to change some aspect of its accounting or disclosure. In most of these

cases, staff and the issuer agreed that these changes would acceptably be implemented within their next filed financial statements, either on a prospective or retroactive basis depending on the facts. In three cases however, staff required that the issuer's historical financial statements be retroactively changed. Staff of the Corporate Finance Branch works closely with the Enforcement Branch when determining the type of regulatory action necessary when staff believes a reporting issuer has breached the Act. It was not necessary however, during the year to March 31, 2001 to deal with any financial statement-related matters arising from the CD Review Program through enforcement action.

Staff of the CD team continues to participate on the CSA Continuous Disclosure Mutual Reliance Review System committee. The committee is working toward developing a system of mutual reliance for continuous disclosure review, with the broad goal of ensuring that all reporting issuers in Canada, including foreign issuers, are treated equitably regardless of their principal regulator. Among other things, OSC staff informs CD staff in other provinces of matters arising on CD reviews in progress and consults with staff in the other provinces to ensure a consistent approach to issues, or to benefit from industry-specialist expertise in the other jurisdictions, or for other reasons.

3. Accounting and Financial Reporting Matters

Following are some of the areas of accounting or financial reporting in which comments are most commonly raised by staff in the course of a CD review, or in which staff entered into particularly lengthy or significant discussions with issuers during the year to March 31, 2001:

Revenue Recognition

US GAAP contains numerous authoritative pronouncements on specific aspects of revenue recognition that have no direct counterpart in Canada. These pronouncements in many areas extend the broad principles set out in CICA 3400, *Revenue*. In the Spring 2000 issue of *Perspectives*, the Office of the Chief Accountant of the OSC put issuers on notice that the fundamental accounting concepts pertaining to revenue recognition are similar under both US and Canadian GAAP. Accordingly, Staff advised issuers and their auditors to carefully consider the basis in Canadian authoritative literature for all revenue recognition policies that differ from the interpretations set out in US GAAP, and particularly from those set out in SEC Staff Accounting Bulletin 101, *Revenue Recognition*.

After this edition of *Perspectives*, staff of the Continuous Disclosure team undertook a targeted review of revenue recognition practices. Staff reported on this initiative in February in OSC Staff Notice 52-701 - *Initial Report on Staff's Review of Revenue Recognition*. Since issuing its report, staff has continued to correspond with issuers in order to resolve all open matters. In particular, staff has concentrated on matters relating to revenue recognition when right of return provisions and price protection arrangements exist, as discussed in sections 5.2 (1) and 5.2 (2) of OSC Staff Notice 52-701. In one case to date, an issuer made a retroactive change to its presentation of such arrangements.

Staff also entered into discussions with issuers on revenue related matters outside the context of the issue-oriented review

program. In one case, for instance, the issuer changed its presentation to reflect a particular income source on a gross basis rather than as a reduction of operating expenses.

A final report on this review program will be issued next year.

Segment Disclosures

Staff generally assesses the segment disclosure contained in the notes to the financial statements against the way in which the issuer organizes its MD&A or Annual Report or other corporate communications. Staff questions cases where it appears that segments are being inappropriately aggregated for purposes of the financial statements. EIC-115, *Segment Disclosures - Application of the Aggregation Criteria in CICA 1701*, has clarified when operating segments would or would not have "similar economic characteristics" for purposes of applying the aggregation criteria. Subsequent to the issuance of EIC-115, staff has closed several open files on this matter after receiving a commitment by the issuer to amend the presentation of its segment disclosures.

Restructuring and Impairment Charges

Restructuring and impairment charges continue to have a material impact on the financial statements of many issuers. Staff continues to place significant emphasis on whether restructuring and impairment charges and other write-downs have been appropriately recognized, both with respect to their amount and timing. For example, staff frequently requests a detailed explanation of how an issuer applied the criteria set out in EIC-60, *Liability Recognition for Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring)*, including the application of all conditions relevant to determining a "commitment date" for an exit plan. Staff may request detailed documentation, including material presented to the board, in supporting the accounting treatment. Staff also places emphasis on ensuring that all disclosures required by EIC-60 are provided by issuers. Staff entered into discussions during the year on whether certain costs were of a business reengineering nature, such that they should be expensed as incurred, rather than restructuring costs qualifying for accrual.

Contingencies

Staff emphasizes that the notes to an issuer's financial statements should contain appropriate disclosure of all matters required under generally accepted accounting principles. It is not sufficient that such disclosure be available elsewhere on the public record - for example in the MD&A. During the year, staff requested that the notes to an issuer's financial statements be expanded to include significantly greater detail regarding outstanding litigation, claims and contingencies.

Impaired Loans

Staff entered into an extended discussion with an issuer regarding the application of CICA Handbook Section 3025, *Impaired Loans*. Staff took the view that the concepts set out in that Handbook Section had been applied inconsistently, resulting in inappropriate patterns of income recognition on the impaired loans. The issuer ultimately restated its previously issued financial statements.

Differences With Accounting Principles Generally Accepted In The United States (US GAAP)

When the financial statements contain a reconciliation to US GAAP, staff reviews the reconciliation to assess in particular whether the reconciling items are indicative of a potential

misapplication of Canadian accounting standards. Where a reconciling item's basis in authoritative literature is unclear, staff will likely question the treatment of the item. Staff is especially likely to question the treatment of a reconciling item for which the fundamental principles are similar in both Canada and the US, but for which more specific guidance is available under US GAAP; staff may question in such cases why the additional US literature was not considered in determining the appropriate application of Canadian principles.

Hedge Accounting

Staff entered into discussions with issuers, primarily from the natural resource sector, on various hedge accounting matters. In some cases staff requests a detailed explanation of the rationale and analysis underlying the application of hedge accounting, including a request for such items as schedules of the hedging instruments' projected cash flows and maturity dates. Staff assesses whether the hedging instruments have been appropriately designated as hedges and whether those hedges are effective in the circumstances. Following these discussions, one issuer retroactively reversed its application of hedge accounting for certain financial instruments.

Earnings And Cash Flow Measures Differing From Generally Accepted Accounting Principles

Staff has found cases where issuers have prepared their financial statements in accordance with GAAP, but used non-GAAP earnings presentations as a basis for the disclosure contained in their Management's Discussion and Analysis. MD&A should provide an analysis of the financial statements as presented. It is not appropriate to exclusively base the discussion in the MD&A on a basis of presentation other than that used in the issuer's financial statements. Where an issuer wishes to provide supplemental analysis of information prepared on an alternate basis, the basis of preparation should be clear and should not constitute a misleading presentation.

Staff has also identified instances of issuers who have complied with GAAP in their financial statement filings but have used non-GAAP bases of presentation for earnings or cash flows in other areas of their disclosure. In one case, an initial earnings press release communicated the issuer's results with reference to an adjusted amount that excluded amortization, restructuring and other charges; the amounts calculated under GAAP became available only later on issuance of the issuer's interim financial statements. In another case, the issuer used a non-GAAP basis of presentation for earnings on their website. In all such cases, staff considers whether the measures used by the issuer are clearly labelled and defined, whether their basis of calculation is clear, and overall whether they amount to a misleading presentation of the issuer's activities. Staff proposes to issue more detailed guidance in this area.

Other areas

Some other areas on which questions were raised on CD reviews during the year were:

- lease accounting principles;
- application of equity accounting;
- amortization periods for goodwill and capital assets;
- basis for deferral and amortization of deferred charges;

discrepancies between financial statement disclosure and that provided elsewhere with regard to going concern uncertainties; and the application of the "more likely than not" criterion to future income tax balances.

4. Defaulting Reporting Issuers

The CD team monitors compliance by reporting issuers with the obligations under the Act and Regulations and administers the OSC's policy relating to the imposition of cease trade orders. Recently, staff published OSC Policy 51-601, *Reporting Issuer Defaults*, which replaces OSC 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* ("Policy 2.5"). This policy sets out 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 and issuing certificates of no default under the Act.

The policy provides that even if financial statements or other continuous disclosure documents have been filed within the prescribed time period, an issuer will be considered to be in default if it is determined that a deficiency in those documents is so significant as to constitute a default. While this provision in the policy is similar to an existing provision in Policy 2.5, it more broadly applies to deficiencies in any part of an issuer's CD record, not just financial statements as was the case with Policy 2.5. The policy will also be applied much more actively than Policy 2.5 was in the past.

The policy provides that in almost all cases issuers will be notified in advance of any intent to treat it as being in default and such an issuer can request a hearing before the Commission.

The default list has recently been made available to the public for the first time, via the OSC website.

Cease Trade Orders

In April 2001, staff issued OSC Policy 57-603, *Defaults by Reporting Issuers in Complying with Financial Statement Filing Requirements*. Among other things, OSC Policy 57-603 states that when a defaulting reporting issuer satisfies the defined Alternate Information Guidelines, the Commission will generally respond to a default in complying with financial statement filing requirements by issuing a cease trade order only on certain directors, officers and insiders (a "Management and Insider CTO"), rather than on trading in the issuer's securities as a whole. A cease trade order on the issuer's securities as a whole (an "Issuer CTO") will generally be issued only when the default has continued for more than two months.

In most cases, when an issuer cease trade order is issued within less than two months from the default date, it indicates that the issuer has not followed the Alternate Information Guidelines set out in OSC Policy 57-603. Staff recommends that investors in securities that are cease traded in such circumstances should communicate with directors or officers of the issuer, to understand the reasons why the issuer did not follow the policy in order to preserve liquidity for the issuer's security holders.

Staff took a highly proactive approach to its monitoring of defaults arising on financial statement filing requirements by Ontario-based companies having December 31, 2000 year-ends. In late April, 2001, letters were sent to each of the approximately 500 issuers that had not already filed annual financial statements due to be filed by May 22, 2001. The letter summarized OSC Policy 57-603 and the procedures necessary to avoid the imposition of an issuer cease trade order. Where no response was received to these letters and the issuer failed to file before the due date, staff followed up with telephone calls. Every issuer was provided ample opportunity to avoid the issuance of an issuer CTO.

82 Ontario-based reporting issuers failed to file their financial statements on the due date. Of those issuers, 24 filed within a few days and no further action was taken. Of the remainder, 8 complied with the Alternate Information Guidelines in the policy and staff therefore issued Management and Insider CTO's for those companies. Issuer CTO's were imposed on 47 of the remaining 50 companies (the remaining 3 applied to cease to be reporting issuers).

These numbers compare favourably to the previous year in that fewer Ontario-based issuers failed to file their financial statements on the due date (91 were identified in the previous year). However, of those defaulting reporting issuers, a relatively greater number received Management and Insider CTO's in the previous year (17 in 2000 compared to 8 in 2001), despite changes in staff practice designed to increase the incidence of Management and Insider CTO's.

In view of the large number of defaulting issuers that failed to satisfy the Alternate Information Guidelines, staff is more actively assessing the possibility of enforcement action as an appropriate response. Staff believes that when an issuer does not even follow the Alternate Information Guidelines, it generally indicates a substantial disregard of the public interest by the issuer's officers and directors. As noted in Policy 57-603, in particular cases staff may, under section 127 of the Act, seek orders from the Commission against a defaulting issuer's officers and directors to obtain sanctions such as reprimands, orders to resign, or orders that securities law exemptions do not apply. Similar action may be taken by staff in connection with issuers with a significant and consistent history of filing defaults. In such cases, staff will consider whether the issuer's filing track record demonstrates a persistent disregard of the public interest by the issuer's officers and directors.

Violations of Cease Trade Orders

Staff reminds issuers that activities such as share consolidations or proxy solicitations made in connection with statutory amalgamations and other material transactions constitute trades or acts in furtherance of a trade. Any such activities by a company that is subject to an issuer cease trade order will generally constitute a violation of that order and may lead staff to undertake enforcement action against the issuer.

5. Other Continuous Disclosure Matters

Material Change Reports

In the course of a CD review, staff reviews the adequacy of the issuer's compliance with requirements to report material changes on a timely basis. In reviewing core disclosure documents such as financial statements and MD&A, staff

assesses whether major transactions or events disclosed in those documents would have constituted material changes at the time that they took place, and if so, whether material change reports were filed. Where an issuer has been deficient in this regard, staff seeks a credible commitment from management to comply with all requirements going forward. A recurring failure to comply with securities law could provide a basis for enforcement action. Also, the Director assesses such matters for purposes of determining - in the context of issuing a prospectus receipt - whether sufficient concerns exist with respect to the past conduct of the issuer's officers and directors to afford reasonable grounds for belief that the business of the issuer will not be conducted with integrity and in the best interests of its security holders.

Selective Disclosure

In July 28, 2000, staff issued OSC Staff Notice 53-701, *Staff Report on Corporate Disclosure Survey*. In it, staff recommended that companies formulate written corporate disclosure policies addressing such areas as limiting the number of authorized company spokespersons, opening up access to conference calls, and disseminating information more broadly through the use of technology. In April 2001, the Canadian Securities Administrators issued for comment CSA Policy 52-701, *Disclosure Standards*, which encompassed many of the recommendations of OSC Staff Notice 53-701. To support these informational and policymaking activities by the OSC and the CSA, the CD team requests, as part of its CD and prospectus reviews, information regarding the issuer's policies and procedures for complying with the relevant sections of the Securities Act. Staff also requests a copy of the issuer's written disclosure policy, if one exists. Staff provides feedback on areas that do not appear to be addressed by the issuer's policy, and encourages boards and audit committees and others to consider this feedback in assessing the adequacy of the issuer's disclosure practices. Areas where issuer policies are often found by staff to fall short of the CSA notice recommendations include: materiality definitions, guidance on how to conduct analyst calls and meetings, and action plans for market rumours and unintentional selective disclosures. In the future, staff may follow up with issuers that have received such feedback, and issue a report on the results of this exercise.

Financial Reporting in an Economic Downturn

Reporting issues relating to the current economic downturn have been one area of focus of recent continuous disclosure reviews and are likely to continue to draw the attention of staff for the foreseeable future. In this regard, staff will assess an issuer's accounting for asset impairments, discontinued operations, and contingencies and consider whether going concern disclosure should be provided in the issuer's circumstances. As part of our review of MD&A, staff will assess whether issuers have provided an adequate discussion of the impact, if any, of a continuing economic downturn on the enterprise's operations and future prospects.

6. Administration Of The CD Review Program and Related Matters

Amendments to OSC Staff Notice 51-703

In the course of implementing the CD Review Program, various aspects of the procedures set out in OSC Staff Notice 51-703, *Implementation of Reporting Issuer Continuous*

Disclosure Review Program, Corporate Finance Branch have been amended or streamlined. In particular:

Staff does not generally send a notification letter to an issuer at the time that the issuer is selected for CD review. Instead, staff's initial comment letter will generally be the first communication received by the issuer. In all cases where a review has been conducted, a closing letter will be sent to the issuer.

The notice indicates that reporting issuers will be selected for review depending on the application of selective review criteria which have been designed to identify those issuers at the greatest risk of filing deficient disclosure. Reporting issuers with an Ontario head office will be subject to this screening process at least once a year, generally upon the filing of their annual financial statements. A review may also be triggered at other points during the year as a result of staff's daily review of the financial press, as a result of investor complaints or referrals from other branches of the Commission, or for other reasons.

The notice indicates that files selected for review will be subjected to one of three levels of review: full, issue-oriented and limited. In practice, all reviews are likely to be either full or issue-oriented. The screening process described above constitutes in effect a limited review that is carried out annually on all issuers. However, unless an issuer is identified by the screening process for further review, this process is not counted as a CD review for purposes of the four year target described above.

The notice indicated that certain Continuous Disclosure Team staff had been dedicated to the review of insider trade report filings on an ongoing basis. Due to a reorganization of the Corporate Finance Branch, responsibility for review of insider trade report filings is no longer contained within the CD team. The work done by staff to assess compliance with insider reporting requirements will be communicated separately. However, a CD review may include a review of insider reporting, including a comparison of the insider reports with other information on the public record. For example, staff questioned one issuer about a discrepancy between the amount and value of a holding in a corporate investment as reported in a prospectus filed by the issuer, and the amount and value indicated by the issuer's insider reports.

SEDAR filings

Staff reminds issuers of their responsibility for maintaining an accurate filer profile and filing record on SEDAR. Documents that are wrongly categorized on SEDAR cause unnecessary difficulty for investors or others that consult the SEDAR record, and in some cases could cause an issuer to be placed on the default list even when a document has been filed within the time period required by the Act. Common errors include the filing of MD&A under "Annual Information Form" rather than separately under "MD&A" and the filing of press releases under "Other," when they should be specifically labelled as press releases. The primary contact information frequently appears to be out of date.

Exemptive Relief Applications

Issuers are reminded that applications requesting exemptive relief should be filed with the Ontario Securities Commission

as early as possible and preferably at least two weeks prior to when the relief is needed.

7. Current Activities

In December 2000, Staff published the final drafts of OSC Rule 51-501, *AIF and MD&A*, and OSC Rule 52-501, *Financial Statements*. OSC Rule 51-501 reformulated OSC Policy 5.10, *Annual Information Form* and also introduced a requirement for interim MD&A. OSC Rule 52-501 reformulated sections 7 to 11 of the Regulation by setting out the contents of interim and annual financial statements. The rule provides for significantly enhanced interim financial statements which include notes and a balance sheet, among other things.

Staff is currently conducting an issue-oriented review of interim financial reporting to assess compliance by issuers with the relevant sections of these new rules and with CICA Handbook Section 1751, *Interim Financial Statements*. The review will focus primarily on first quarter interim financial statements and MD&A filed by issuers for the quarter ended March 31, 2001. A screening process will be applied to identify issuers to be subjected to a detailed issue-oriented review. Staff anticipates that approximately 100 issuers will be selected for such a review. The results will be communicated shortly in a separate notice. Future issue-oriented reviews may focus on annual MD&A, on executive compensation disclosure, or on other matters.

In addition to this issue-oriented review, staff will concentrate on meeting its goal of carrying out approximately 300 additional reviews during the year ended March 31, 2002, including reviews to be carried out in connection with reviews of prospectuses and rights offerings circulars.

Questions may be referred to:

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1.2 Notices of Hearing

1.2.1 Michael Goselin, et al.

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

AND

**IN THE MATTER OF
MICHAEL GOSELIN, IRVINE DYCK
DONALD McCrory and ROGER CHIASSON**

**NOTICE OF HEARING
(Sections 127 and 127.1)**

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act") commencing on a date to be fixed by the Commission in the Main Hearing Room, 17th Floor, 20 Queen Street West, Toronto on December 7, 2001 at 9:00 a.m.;

TO CONSIDER whether, pursuant to subsection 127(1) and section 127.1 of the Act, it is in the public interest for the Commission to make an Order:

- (a) that the registration of the respondent Michael Goselin ("Goselin") be terminated, suspended or restricted for such period as specified by the Commission;
- (b) that trading in any securities by the Respondents cease permanently or for such period as specified by the Commission;
- (c) prohibiting the Respondents from becoming or acting as a director or officer of any issuer permanently or for such period as specified by the Commission;
- (d) reprimanding the Respondents;
- (e) requiring the Respondents to pay the costs of the Commission's investigation and the hearing; and
- (f) that encompasses such other terms and/or conditions as the Commission may deem appropriate.

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

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

AND TAKE FURTHER NOTICE that upon failure of any party to attend the hearing, the hearing may proceed in the absence of that party and such parties are not entitled to any further notice of the proceeding.

November 9, 2001.

1.2.2 Michael Goselin, et al.

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

AND

**IN THE MATTER OF
MICHAEL GOSELIN, IRVINE DYCK,
DONALD McCrORY and ROGER CHIASSON**

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

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

The Respondents

1. During the material time, the respondent Michael Goselin ("Goselin") was registered with the Ontario Securities Commission (the "Commission") pursuant to the Securities Act, R.S.O. 1990, c. S.5 (the "Act") as a mutual fund dealer and limited market dealer sponsored by Triple A Financial Services Inc. ("Triple A"). Since October 1998, Goselin has been so registered through his sponsorship by Investment and Tax Counsel Corp.
2. During the material time, the respondent Irvine Dyck ("Dyck") was registered with the Commission as a mutual fund dealer and limited market dealer pursuant to the Act through the sponsorship of Triple A. Dyck has not been registered in any capacity with the Commission since October 1999.
3. During the material time, the respondent Donald McCrory ("McCrory") was registered with the Commission as a mutual fund dealer and limited market dealer pursuant to the Act through the sponsorship of Triple A. McCrory is no longer registered with the Commission.
4. The respondent Roger Chiasson ("Chiasson") has never been registered in any capacity with the Commission.
5. During the time that Triple A employed and sponsored Goselin, Dyck and McCrory, Roderick Alton ("Alton") was Triple A's President and a director.

The North George Limited Partnerships

6. In the mid-nineteen nineties, Alton and Michael Magee ("Magee") incorporated several limited partnerships. North George Capital Limited Partnership was incorporated on December 7, 1995 pursuant to the laws of Ontario. North George Capital II Limited Partnership, North George Capital III Limited Partnership, North George Capital IV Limited Partnership and North George Capital V Limited Partnership (collectively with North George Capital

Limited Partnership, the "North George Limited Partnerships" or the "Partnerships") were incorporated August 16, 1996 pursuant to the laws of Ontario.

7. The general partner of the North George Limited Partnerships was North George Capital Management Limited ("North George Management"). North George Management was a private corporation owned equally by Alton and McGee.

Illegal Distribution of Units of the North George Limited Partnerships

8. The North George Limited Partnerships raised funds by offering investors/subscribers the opportunity to purchase units in one or more of the Partnerships. Each subscriber became a limited partner of the Partnership(s) in which he or she invested.
9. None of the North George Limited Partnerships filed a preliminary prospectus or prospectus with the Commission.
10. The North George Limited Partnerships prepared Offering Memoranda, according to which the Partnerships relied on the seed capital prospectus exemption contained in paragraph 72(1)(p) of the Act. Neither this, nor any other, prospectus exemption under the Act was available to the Partnerships.
11. Further, reliance by the North George Limited Partnerships upon the seed capital prospectus exemption constituted an abuse of the exemption contrary to the purpose and objects of the Act. Effectively, the Partnerships were one issuer. Among other things, they raised funds based on virtually identical Offering Memoranda and co-mingled investors' funds to be used for a common purpose. Several Partnerships were incorporated as an attempt to circumvent the seed capital exemption requirement that sales be made to no more than 25 purchasers.
12. Only the Offering Memoranda of North George Capital IV Limited Partnership was filed with the Commission. None of the Partnerships filed a report (Form 20) as required by subsection 72(3) of the Act.
13. In selling units of the North George Limited Partnerships, the respondents participated in an illegal distribution of a security and acted contrary to the public interest by, inter alia:
 - (a) selling a security for which no preliminary prospectus or prospectus was filed with the Commission and no prospectus exemption was available;
 - (b) selling a security for which reliance on the seed capital prospectus exemption was abusive;
 - (c) selling a security respecting which no Offering Memorandum and no report was filed with the Commission;

- (d) failing to provide their clients access to substantially the same information concerning the Partnerships that a prospectus filed under the Act would provide. Certain clients did not receive from the respondents the correct, or any, Offering Memorandum prior to purchasing units in the North George Limited Partnerships. Further, the Partnerships' Offering Memoranda provided insufficient information and/or inadequate explanation of, inter alia, how the Partnerships would render the promised rate of return of 24% to 60% per year and the respondents failed to provide their clients with adequate supplemental information;
 - (e) misrepresenting to their clients, inter alia, the nature and quality of, and the return to be realized on, an investment in the Partnerships. Among other things, the respondents told their clients that the investments were risk free notwithstanding that the Offering Memoranda explicitly stated that the securities offered were speculative and should be considered only by investors who were able to make long term investments and who were able to accept the risks inherent in the trading of bonds and other similar debt instruments;
 - (f) failing to disclose to their clients the risks inherent in an investment in the Partnerships;
 - (g) recommending and selling speculative investments unsuitable for their clients given the clients' financial circumstances and investment objectives contrary to Regulation 1015, section 114; and
 - (h) engaging in high pressure sales tactics including advising clients to borrow funds or redeem mutual funds to invest in the North George Limited Partnerships.
14. Through the sale of units, the North George Limited Partnerships raised approximately \$5 million. The respondents earned commissions on their sales notwithstanding that the North George Limited Partnerships' Offering Memoranda stated that no commissions would be paid in connection with the sale of units.
15. The North George Limited Partnerships generated little, if any, income. Any interest paid to subscribers came largely out of other subscribers' capital. Most of the subscribers in the Partnerships lost all, or substantially all, of their investment.
- Lionaird Capital Corp.**
16. In May 1997, Lionaird Capital Corp. ("Lionaird") was incorporated pursuant to the laws of Ontario. Lionaird was a private corporation the shares of which were held by Alton, Magee and others in trust for an unnamed party. Alton was the President, Chief Operating Officer and a director of Lionaird. Magee was Lionaird's Vice-President and a director.
- Illegal Distribution of Lionaird Promissory Notes**
17. Lionaird raised monies through the sale of promissory notes to investors. Lionaird did not file a preliminary prospectus and prospectus with the Commission. On September 12, 1997, Lionaird filed with the Commission an Offering Memorandum dated July 25, 1997. The Lionaird Offering Memorandum related to a purported private placement of 12% secured redeemable promissory notes. Such notes were described in the Offering Memorandum as having a five year term and paying interest of 12% per year (with a potential bonus payment of up to 12%).
18. According to its Offering Memorandum, Lionaird relied on the private placement and seed capital prospectus exemptions contained in paragraphs 72(1)(d) and (p) of the Act. Neither these, nor any other, prospectus exemptions under the Act were available to Lionaird.
19. In selling the Lionaird promissory notes to their clients, the respondents participated in an illegal distribution of a security and acted contrary to the public interest by, inter alia:
- (a) selling a security for which no preliminary prospectus or prospectus was filed with the Commission and no prospectus exemption was available;
 - (b) failing to provide their clients access to substantially the same information concerning the issuer that a prospectus filed under the Act would provide. Investors often did not receive from the respondents the Lionaird Offering Memorandum prior to purchasing promissory notes. In any event, the Lionaird Offering Memorandum provided insufficient information or inadequate explanation of, inter alia, how Lionaird would realize the promised rate of return on investment and the respondents failed to provide their clients with adequate supplemental information;
 - (c) selling notes to more than 25 purchasers;
 - (d) selling promissory notes to a purchaser where the acquisition cost was less than \$150,000;
 - (e) misrepresenting to their clients, inter alia, the nature and quality of, and the return to be realized on, the Lionaird investment. Among other things, the respondents told their clients that the investments were risk free notwithstanding that the Lionaird Offering

Memoranda explicitly stated that the securities offered were speculative and should be considered only by investors able to make a medium to long term investment;

- (f) recommending and selling speculative investments unsuitable for their clients given the clients' financial circumstances and investment objectives contrary to Regulation 1015, section 114; and
 - (g) engaging in high pressure sales tactics including advising investors to borrow funds or redeem mutual funds to purchase Lionaird promissory notes.
20. Through the purchase of promissory notes by investors, Lionaird raised in excess of \$3.4 million. The respondents earned commissions and trailer fees on their sales of such notes notwithstanding that the Lionaird Offering Memorandum stated that commissions would not be paid in connection with the sale of promissory notes.
21. Most of the investors in Lionaird lost all, or substantially all, of their investment.

Goselin's Conduct

22. Goselin sold units in the North George Limited Partnerships and promissory notes in Lionaird to over 60 clients. As described in paragraphs 13 and 19 above, Goselin participated in illegal distributions of a security and engaged in other conduct contrary to Ontario securities law and the public interest. Moreover, contrary to the public interest, Goselin:
- (a) failed to deal fairly, honestly and in good faith with, and act in the best interests of, his clients;
 - (b) abused his position of trust and took advantage of unsophisticated and vulnerable investors;
 - (c) made several misrepresentations to clients including:
 - (i) that their principal (capital investment) was guaranteed;
 - (ii) that the investment was "risk free";
 - (iii) that the investment in the North George Limited Partnerships was insured;
 - (iv) that the money invested by a client would be returned in full on 30 days' notice (90 days' notice in the case of Lionaird);
 - (v) that the Commission had approved the investment or declared it legitimate;
 - (vi) the required minimum investment; and

(vii) that the return on investment would be 24% to 60% in the case of the North George Limited Partnerships and 12% to 24% respecting Lionaird; and

- (d) selling Lionaird notes to investors in the North George Limited Partnerships once Goselin was aware that such Partnerships were facing difficulties and were failing to pay the promised return.

23. As a result of selling units in the North George Limited Partnerships and promissory notes of Lionaird to clients, Goselin earned commissions and trailer fees in excess of \$370,000.

Dyck's Conduct

24. Dyck sold units in the North George Capital Limited Partnerships and promissory notes of Lionaird to over 85 clients. In connection with these sales, as described in paragraphs 13 and 19 above, Dyck participated in illegal distributions of a security and engaged in other conduct contrary to Ontario securities law and the public interest. Moreover, contrary to the public interest, Dyck:
- (a) failed to deal fairly, honestly and in good faith with, and in the best interests of, his clients;
 - (b) abused his position of trust and took advantage of unsophisticated and vulnerable investors;
 - (c) made misrepresentations to clients about their investments in the North George Limited Partnerships and Lionaird including:
 - (i) that the investment posed no risk to investors;
 - (ii) that the capital was guaranteed;
 - (iii) that an investor's capital investment would be returned in full on 30 days' notice;
 - (iv) that the Lionaird investment was a fully insured RRSP;
 - (v) the required minimum investment in the North George Limited Partnerships; and
 - (vi) that the return on investment would be 24% to 60% in the case of the North George Limited Partnerships and 12% to 24% respecting Lionaird;
 - (d) selling Lionaird notes to investors in the North George Limited Partnerships once Dyck was aware that such Partnerships were facing difficulties and were failing to pay the promised return.
25. As a result of selling units in the North George Limited Partnerships and promissory notes of Lionaird to clients, Dyck earned commissions and trailer fees in excess of \$290,000.

Conduct of McCrory

26. McCrory sold units in the North George Limited Partnerships and promissory notes of Lionaird to over 30 clients. As described in paragraphs 13 and 19 above, McCrory participated in illegal distributions of a security and engaged in other conduct contrary to Ontario securities law and the public interest. Moreover, contrary to the public interest, McCrory:

- (a) failed to deal fairly, honestly and in good faith with, and in the best interests of, his clients;
- (b) made misrepresentations to his clients concerning their investment in the Partnerships and Lionaird including:
 - (i) that the investment was safe and risk free;
 - (ii) the required minimum investment;
 - (iii) that an investor could retrieve all his or her funds on 30 days' notice; and
 - (iv) that the return on investment would be 24% to 60% in the case of the North George Limited Partnerships and 12% to 24% respecting Lionaird; and
- (c) selling Lionaird notes to investors in the North George Limited Partnerships once McCrory was aware that such Partnerships were facing difficulties and were failing to pay the promised return.

27. As a result of selling units in the North George Limited Partnership and promissory notes of Lionaird to clients, McCrory earned commissions and trailer fees in excess of \$54,800.

Conduct of Chiasson

28. Chiasson participated in illegal distributions of a security (see paragraphs 13 and 19 above) and engaged in other conduct contrary to Ontario securities law and the public interest.

29. During the material time, Chiasson worked out of an office with Dyck. On Dyck's suggestion, Chiasson advised several clients to invest in, and sold to them securities of, the North George Limited Partnerships and Lionaird. In so doing, Chiasson engaged in registerable activity without being registered with the Commission contrary to section 25 of the Act.

30. Further, Chiasson failed to deal fairly, honestly and in good faith with his clients. Among other things, he made several misrepresentations to clients including the following:

- (a) that investments in the North George Limited Partnerships and Lionaird were guaranteed;

- (b) that investments in the North George Limited Partnerships and Lionaird were safe and posed no risk for investors;

- (c) that any funds invested in Lionaird were accessible by the investor on 30 days' notice and without penalty or redemption fees; and

- (d) the return on investment would be 24% to 60% in the case of the North George Limited Partnerships and 12% to 24% respecting Lionaird.

31. As a result of selling units in the North George Limited Partnerships and promissory notes of Lionaird to clients, Chiasson earned commissions.

32. Staff reserve the right to make such further and other allegations as Staff may submit and the Commission may allow.

November 9, 2001.

1.3 News Releases

1.3.2 Michael Goselin, et al.

**1.3.1 Arlington Securities and Samuel Arthur
Brian Milne**

FOR IMMEDIATE RELEASE
November 9, 2001

FOR IMMEDIATE RELEASE
November 9, 2001

**OSC EXTENDS TEMPORARY ORDER
IN RESPECT OF ARLINGTON SECURITIES INC.
AND
SAMUEL ARTHUR BRIAN MILNE**

**OSC PROCEEDS AGAINST MICHAEL GOSELIN,
IRVINE DYCK, DONALD McCORMY AND
ROGER CHIASSON**

TORONTO – Today, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Statement of Allegations of Staff of the Commission against Michael Goselin ("Goselin"), Irvine Dyck ("Dyck"), Donald McCrory ("McCrory") and Roger Chiasson ("Chiasson").

Staff of the Commission allege that Goselin, Dyck, McCrory and Chiasson participated in illegal distributions of securities, namely units in several North George Limited Partnerships and promissory notes in Lionaird Capital Corp., and acted contrary to the public interest by, among other things:

Toronto - At a hearing before the Ontario Securities Commission (the "Commission") on October 24, 2001, the Commission made an Order extending the Temporary Order, as amended, to the conclusion of the hearing, in respect of Arlington Securities Inc. ("Arlington") and Samuel Arthur Brian Milne ("Milne"). The Order imposes certain terms and conditions on the registration of Arlington and Milne, the sole registered officer of Arlington.

The hearing of this matter has been adjourned to Monday November 12, 2001 at 9:30 a.m. in the main hearing room of the Commission located on the 17th Floor, 20 Queen Street West, Toronto, Ontario.

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

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For Investor Inquiries:

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- (a) selling a security for which no preliminary prospectus or prospectus was filed with the Commission and no prospectus exemption was available;
- (b) failing to provide their clients' access to substantially the same information that a prospectus filed under the Act would provide;
- (c) misrepresenting to their clients, the nature and quality of, and the return to be realized on, the investments;
- (d) recommending and selling speculative investments unsuitable for their clients; and
- (e) engaging in high pressure sales tactics including advising investors to borrow funds or redeem mutual funds to invest.

The first appearance in this matter is scheduled for December 7, 9:00 a.m., at the Commission, Main Hearing Room, 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing and Statement of Allegations of Staff of the Commission is available from the Commission's website at www.osc.gov.on.ca or from the Commission, 20 Queen Street West, Toronto.

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1.3.3 OSC "Spot the Bull" Quiz Educates Investors

FOR IMMEDIATE RELEASE
November 12, 2001

ONTARIO SECURITIES COMMISSION "SPOT THE BULL" QUIZ EDUCATES INVESTORS ABOUT INVESTMENT FRAUD

Toronto - Can you "Spot the Bull" when it comes to investment fraud? Sometimes it isn't easy. Unscrupulous con artists know how to get investors to trust them and they are expert at making themselves and the fake investments they are touting credible. Anyone can fall for an investment scam if they don't know what questions to ask and what to watch out for.

The Ontario Securities Commission's new interactive quiz "Spot the Bull or Bear the Consequences" helps investors determine if their behaviour makes them susceptible to investment fraud.

The interactive quiz, set to upbeat music, asks 44 questions that assess an investor's investment knowledge and behaviours, their comfort with risk taking and fraud vulnerability. Once the questions are completed, a computer program instantly rates and weights the answers and provides participants with rankings of above-average, average or below-average on the three main areas: investment knowledge and behaviour, risk taking and fraud susceptibility.

Investors can then review online or print their results which include further insights into each question they answered, tips on how to change their behaviour to protect themselves from investment fraud and educational information of value to all investors.

The quiz is part of a continuing commitment of the Ontario Securities Commission to protect investors through investor education initiatives. The OSC offers a complimentary Investor Education Kit which includes our new Protect Yourself from Investment Fraud Checklist, brochures on topics such as how to choose financial advisors and Internet investing as well as our popular Step-by-Step Guide to Making a Complaint. Kits can be requested through the OSC's Contact Centre at 1-877-785-1555. All the information is also available on the Investor Resources section of the OSC's web site at www.osc.gov.on.ca.

About the Ontario Securities Commission:

The Ontario Securities Commission is the regulatory body for the securities industry in Ontario, administering and enforcing the Ontario Securities Act and Commodity Futures Act. Its mandate is to protect investors from unfair or improper practices and to foster fair and efficient capital markets. It fulfils these goals through a variety of activities including:

- registering individuals and companies who give advice about or trade in securities

- requiring timely, accurate and efficient disclosure of information
- conducting compliance reviews to ensure responsible conduct by market participants
- investigating substantial violations of securities laws and initiating appropriate proceedings
- overseeing the Toronto Stock Exchange, Investment Dealers Association of Canada and the Mutual Fund Dealers Association; and
- encouraging heightened investor knowledge.

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1.3.4 OSC Continuous Disclosure Team Announces First Year Results

FOR IMMEDIATE RELEASE
November 14, 2001

OSC CONTINUOUS DISCLOSURE TEAM ANNOUNCES RESULTS OF ITS FIRST YEAR OF ACTIVITIES

Toronto - The Ontario Securities Commission's Continuous Disclosure (CD) Team has issued a report summarizing its activities for the year ended March 31, 2001, during which the OSC's CD Review Program was commenced.

Highlights of the year's activities include the following:

- The team was on track to meet its target of reviewing every Ontario-based reporting issuer, on average, once every four years.
- In approximately one third of the CD reviews carried out, the issuer made a commitment to change some aspect of its accounting or disclosure.
- In three cases, staff required that the issuer's historical financial statements be retroactively changed.

The report also describes areas of accounting or financial reporting commonly dealt with by staff members and provides commentary on a range of other disclosure matters. These include revenue recognition, restructuring and impairment charges, earnings and cash flow measures differing from GAAP, material change reports, selective disclosure, and financial reporting in an economic downturn.

"We have identified a number of key issues that reporting issuers may wish to focus on, particularly as many companies are approaching their year-ends," said John Hughes, Manager of the OSC's Continuous Disclosure Team. Mr Hughes added, "In current market conditions, as investors return to a greater emphasis on fundamentals, high-quality continuous disclosure of a company's activities is increasingly important."

The establishment two years ago of a dedicated CD team reflects the OSC's increasing focus on the secondary markets, where the vast majority of securities trading occurs. When reviewing a reporting issuer's continuous disclosure practices, the CD team examines such materials as the company's financial statements, AIFs, MD&A, material change reports, proxy circulars, information circulars, press releases, and the issuer's web-site, as well as media articles and other external sources of information.

The full text of the report, which is titled OSC Staff Notice 51-706, can be found in the November 16 issue of the OSC Bulletin or viewed on the OSC's web-site at www.osc.gov.on.ca/en/Regulation/Rulemaking/rule.html.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 TD Asset Management - MRRS Decision

Headnote

MRRS for Exemptive Relief Applications - Extension of date by which a final receipt must be issued for the renewal prospectus in order to allow for incorporation of agreed upon disclosure.

Statutes Cited

Securities Act, R. S. O. 1990, c.S.5, as am., ss 62(1), 62(2) and 62(5).

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

AND

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

AND

IN THE MATTER OF

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 U.S. Blue Chip Equity RSP 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 Entertainment & Communications RSP Fund
TD Science & Technology Fund
TD Science & Technology RSP Fund
TD Health Sciences Fund
TD Health Sciences RSP Fund
TD Global Select Fund
TD Global Select RSP 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 Emerging Markets RSP 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

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, Prince Edward Island and Newfoundland (the "Jurisdictions") has received an application from TD Asset Management Inc. ("TDAM") in its capacity as manager, principal distributor and promoter of the Investor Series, e-Series and Institutional Series securities of the mutual funds

named above (individually, a "Fund" and collectively, the "Funds") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the time period during which the Funds must obtain a receipt for their renewal simplified prospectuses and annual information forms (collectively, the "Renewal Prospectus") be extended in order to enable the Funds to continue the distribution of their securities for a further twelve months;

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

AND WHEREAS TDAM and the Funds have represented to the Decision Makers as follows:

- (i) TDAM is a subsidiary of The Toronto-Dominion Bank ("TD Bank").
- (ii) The Funds (including 9 mutual funds that are index mutual funds (the "TD IMFs"), consist of 66 open-end mutual fund trusts established under the laws of Ontario by declarations of trust.
- (iii) The Funds are qualified for distribution in the Jurisdictions by means of a simplified prospectus and annual information dated October 10, 2000 (the "2000 Prospectus").
- (iv) Pursuant to the Legislation the lapse date of the 2000 Prospectus of the Funds was October 10, 2001.
- (v) Pursuant to the Legislation and a MRRS Decision Document of the Decision Makers dated October 30, 2001, the date by which the Funds must obtain a receipt for their Renewal Prospectus in order to continue the distribution of their securities for a further 12 months is November 6, 2001.
- (vi) Each Fund is a reporting issuer in each of the Jurisdictions and is not in default of any of the requirements of their Legislation.

AND WHEREAS TDAM has represented to the Decision Makers as follows:

1. TDAM and OSC staff have recently reached an agreement on changes that are required to be made to the Renewal Prospectus in order for receipts to be issued. TDAM is in the process of making the necessary changes to the Renewal Prospectus. However, such changes will take several days given that similar changes must first be incorporated into the disclosure documents of the Advisor and F Series disclosure documents of the Funds.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the time period prescribed by Legislation for the Funds to obtain a receipt for their Renewal Prospectus, in order to continue the distribution of their securities for a further twelve months, is extended for three days so that the Funds must obtain a receipt for their Renewal Prospectus no later than Friday, November 9, 2001.

November 6, 2001.

'Paul A. Dempsey'

2.1.2 Computershare Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – trades made to former employees and certain permitted transferees in accordance with provisions of employee stock purchase plan exempt from registration and prospectus requirements – first trade in shares acquired by former employees and permitted transferees deemed a distribution unless issuer not a reporting issuer and trade is executed through facilities of an exchange outside of Canada

Applicable Ontario Statutory Provisions

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

Applicable Ontario Rules

Rule 45-503 Trades to Employees, Executives and Consultants (1998) 22 O.S.C.B. 117

Rule 72-501 Prospectus Exemption for First Trade Over a Market Outside Ontario (1998) 21 O.S.C.B. 3873

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

AND

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

AND

**IN THE MATTER OF
COMPUTERSHARE LIMITED**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Manitoba, Ontario, and Nova Scotia (the "Jurisdictions") has received an application from Computershare Limited (the "Filer") for a decision pursuant to the securities legislation (the "Legislation") of the Jurisdictions that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") shall not apply to certain trades in connection with the participation of certain Canadian resident employees of the Filer and its subsidiaries, including Computershare Trust Company of Canada ("Computershare Canada"), in the Filer's employee stock option plan;

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

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

1. The Filer is an Australian public company primarily engaged in the stock transfer agency business. The Filer currently manages in excess of 62 million securityholder accounts for over 7,000 companies worldwide.
2. As of June 30, 2001, the Filer had approximately 547,612,396 ordinary shares (the "Shares") issued and outstanding. The Shares are listed for trading on the Australian Stock Exchange and the New Zealand Stock Exchange.
3. The Filer primarily conducts business in Canada through its Canadian subsidiary, Computershare Canada.
4. Neither the Filer nor Computershare Canada is, nor has any present intention of becoming, a reporting issuer or the equivalent thereof under the securities legislation of any jurisdiction in Canada.
5. The Filer is not a U.S. reporting company and is not subject to the requirements of the *Securities Exchange Act of 1934*, as amended.
6. The Filer established the Computershare Employee Option Plan (the "Plan") which permits full-time and part-time employees (including officers) (the "Eligible Employees") of the Filer and its subsidiaries, including Computershare Canada, to receive options (the "Options") to purchase Shares.
7. As of August 7, 2001, there were approximately 112 Eligible Employees in British Columbia, 177 Eligible Employees in Alberta, 5 Eligible Employees in Manitoba, 443 Eligible Employees in Ontario, 275 Eligible Employees in Québec and 6 Eligible Employees in Nova Scotia.
8. At the time of the grant of the Options, holders of the Shares whose last address as shown on the books of the Filer is in Canada will not hold more than 10% of the outstanding Shares and will not represent in number more than 10% of the total number of holders of the Shares.
9. Participation in the Plan is voluntary and Eligible Employees will not be induced to participate in the Plan or to acquire Shares under the Plan by expectation of employment or continued employment with the Filer, any its subsidiaries, or any other affiliated entity of the Filer.
10. In connection with the implementation of the Plan, the Eligible Employees have received a document specifying the main terms and conditions of the Plan. In accordance with the Legislation of Québec, the Eligible Employees resident in Québec have also received an offering notice and a copy of the Filer's most recent audited financial statements at that time. The annual reports, proxy materials and other materials that the Filer sends to its Australian-resident holders of

- its Shares under Australian securities laws will be concurrently provided or made available to the participants in the Plan.
11. Under the Plan, the Options will generally vest on the third anniversary of the date of grant of and, if not exercised, lapse 59 months after the date of grant.
 12. The exercise price of an Option will be equal to the greater of: (a) the average market value of the Shares on the Australian Stock Exchange in the 10 trading days immediately preceding the date the Options are offered; and (b) 0.20 Australian dollars (approximately C\$ 0.16).
 13. The consideration to be paid for Shares issued upon the exercise of the Options granted under the Plan may consist of cash or its equivalent. Computershare Canada may implement a cashless exercise program (the "Program") whereby the exercise price of an Option will not be required to be paid at the time the Option is exercised, but will be satisfied upon the sale of the Share underlying the Option.
 14. The services of an agent (the "Agent") that is not registered in the Jurisdictions may be utilized to facilitate the implementation and operation of the Program, and to conduct other related administrative functions, including facilitating the resale of the Shares acquired under the Plan outside of Canada. The Agent will be registered under applicable U.S. and/or Australian securities legislation to trade in securities.
 15. In certain limited circumstances under the Plan, former employees or their legal representatives (collectively, the "Former Employees") may exercise the Options for a limited time as follows: (a) those employees whose employment ceases by reason of permanent disability, death or retirement with respect to any Options (including those Options that would not otherwise be vested); and (b) those employees whose employment ceases due to voluntary resignation, workforce reduction or position elimination with respect to any vested Options with the approval of the Board of Directors of the Filer.
 16. Under the Plan, the Options may be assigned or transferred to: (a) the legal personal representative or designated beneficiary of an Eligible Employee upon the death of an Eligible Employee; and (b) a family member or associated company or trust of the Eligible Employee (collectively, the "Permitted Transferees"). The purpose of such assignments or transfers under the Plan is to enable the Eligible Employees to structure their holding of the Options for tax planning purposes.
 17. There are no exemptions from the Registration Requirements and Prospectus Requirements to permit the transfer or assignment of the Options to the Permitted Transferees under the Legislation of the Jurisdictions.
 18. There are no exemptions from the Registration Requirements under the Legislation of the Jurisdictions with respect to the participation of the Agent in the Plan.
 19. There is no market for the Options or Shares in Canada and none is expected to develop. Any resale of the Shares acquired under the Plan will be effected through the facilities, and in accordance with the rules and laws applicable to, a stock exchange or organized market outside of Canada on which the Shares may be listed or quoted for trading.
 20. The first trade in Shares acquired in connection with the Plan by the Eligible Employees, Former Employees, and the Permitted Transferees require relief from the Registration Requirements and Prospectus Requirements given that exemptions from such requirements are not available under the Legislation in certain of the Jurisdictions in respect of such first trade as follows:
 - (a) in British Columbia, an exemption from the Registration Requirement is not available in respect of the first trade in Shares acquired under the Plan by the Permitted Transferees;
 - (b) in Alberta, an exemption from the Registration Requirements and Prospectus Requirements is not available in respect of the first trade in Shares acquired under the Plan by the Eligible Employees, Former Employees and Permitted Transferees;
 - (c) in Manitoba, an exemption from the Registration Requirements is not available in respect of the first trade in Shares acquired under the Plan by the Eligible Employees, Former Employees and Permitted Transferees;
 - (d) in Ontario, an exemption from the Registration Requirements is not available in respect of the first trade in Shares acquired under the Plan by the Former Employees and Permitted Transferees; and
 - (e) in Nova Scotia, an exemption from the Registration Requirements and Prospectus Requirements is not available in respect of the first trade in Shares acquired under the Plan by the Eligible Employees, Former Employees and Permitted Transferees.

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

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

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

- (a) the Registration Requirements and Prospectus Requirements shall not apply to the transfer or assignment of an Option by an Eligible Employee to a Permitted Transferee, provided that

- (i) the first trade in such Option by the Permitted Transferee, other than the exercise of such Option for Shares, shall be deemed a distribution or a primary distribution to the public; and
 - (ii) the first trade in Shares acquired by the Permitted Transferee upon the exercise of the Option shall be deemed a distribution or a primary distribution to the public;
- (b) the Registration Requirements shall not apply to the Agent, or the Filer and its subsidiaries, in connection with trades in Options and Shares under the Plan; and
- (c) the Registration Requirements and Prospectus Requirements shall not apply to a first trade in Shares acquired under the Plan by Eligible Employees, Former Employees and Permitted Transferees provided that at the time of the acquisition of the Options:
- (i) The Filer is not a reporting issuer or its equivalent under the Legislation of the Jurisdictions;
 - (ii) Holders of the Shares whose last address as shown on the books of the Filer is in Canada do not hold more than 10% of the outstanding Shares and will not represent in number more than 10% of the total number of holders of the Shares; and
 - (iii) The trade is made through the facilities of an exchange outside of Canada in accordance with all the rules and laws applicable to such exchange.

"J.A. Geller"

"R.S. Paddon"

November 2, 2001.

2.1.3 CIBC World Markets Inc., et al. - MRSS 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, subject to conditions.

Applicable Ontario Regulations

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

Applicable Ontario Rules

Proposed Multi-Jurisdictional Instrument 33-105: Underwriting Conflicts (1998), 21 OSCB 788.

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

AND

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

AND

**IN THE MATTER OF
CIBC WORLD MARKETS INC.,
RBC DOMINION SECURITIES INC.,
SCOTIA CAPITAL INC.,
TD SECURITIES INC. AND
NATIONAL BANK FINANCIAL INC.**

MRSS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Ontario, Quebec and Newfoundland (the "Jurisdictions") has received an application from CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc. and National Bank Financial Inc. (collectively, the "Applicants") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from participating in a distribution of securities of an issuer, where the issuer is a "connected issuer" (or the equivalent), shall not apply to the Applicants in connection with the proposed offering (the "Offering") of trust units (the "Trust Units") by Enerplus Resources Fund (the "Issuer") to be made by means of a short form prospectus (the "Prospectus");

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the

Ontario Securities Commission is the principal jurisdiction for this application;

AND WHEREAS the Applicants have represented to the Decision Makers that:

1. Each of the Applicants is a registrant in each of the Jurisdictions and is not in default of any of its terms of registration. The head office of each Applicant is located in the Province of Ontario.
2. The Issuer is a trust governed by the laws of the Province of Alberta.
3. The Issuer is a limited purpose trust established for the purpose of investing in any investment or property permitted to be acquired by a "unit trust" or "mutual fund trust" for the purposes of the *Income Tax Act* (Canada). At present, the Issuer's only assets are securities, debt instruments and royalties issued by EnerMark Inc. ("EnerMark") and Enerplus Resources Corporation ("ERC"), which are active oil and natural gas exploration and production companies with operations in western Canada. Each of EnerMark and ERC is, directly or indirectly, a wholly-owned subsidiary of the Issuer that holds oil and natural gas assets and properties for the benefit of the Issuer.
4. The Issuer is a reporting issuer under the securities legislation of each of the provinces of Canada. The Issuer's outstanding Trust Units are listed on The Toronto Stock Exchange and the New York Stock Exchange.
5. The Issuer has a market capitalization in excess of \$1.6 billion.
6. The Issuer intends to enter into an underwriting agreement with a syndicate of underwriters including the Applicants and Merrill Lynch Canada Inc., BMO Nesbitt Burns Inc. and Raymond James Ltd. (collectively the "Underwriters") whereby the Issuer will agree to issue and sell, and the Underwriters will agree to purchase, as principals, the Trust Units.
7. The Issuer will file a preliminary short form prospectus (the "Preliminary Prospectus") and the Prospectus with the securities regulatory authorities in each of the provinces of Canada in order to qualify the Trust Units for distribution in those provinces.
8. The Issuer, indirectly through certain subsidiaries, currently has two syndicated credit facilities (the "Credit Facilities") with Canadian chartered banks (the "Banks") of which the Applicants are subsidiaries. Under the Credit Facilities, the Issuer has aggregate lines of credit available of \$585 million. As at September 30, 2001 the Issuer had an aggregate amount outstanding under the Credit Facilities of \$451 million.
9. The proceeds of the Offering, before deducting the Underwriters' fees and expenses of the Offering, are currently expected to be approximately Cdn. \$92,812,500, or Cdn. \$106,734,375 if an option granted to the Underwriters is exercised in full. The net

proceeds will be used by the Issuer to repay outstanding bank indebtedness, to fund the capital expenditure and acquisition program and for general corporate purposes.

10. Accordingly, the Issuer may be considered a "connected issuer" (within the meaning of the Legislation and proposed Multi-Jurisdictional Instrument 31-305 ("Proposed Instrument 33-105")) of the Applicants. The Issuer is not a "related issuer" (within the meaning of the Legislation and Proposed Instrument 33-105) of the Applicants.
11. The proportionate percentage share of the Offering to be underwritten by each of the Applicants is as follows:

CIBC World Markets Inc.	25%
Merrill Lynch Canada Inc.	15%
RBC Dominion Securities Inc.	15%
BMO Nesbitt Burns Inc.	10%
National Bank Financial Inc.	10%
Scotia Capital Inc.	10%
TD Securities Inc.	10%
Raymond James Ltd.	5%
12. The Underwriters, in connection with the Offering, do not comply with the proportional requirements of the Legislation.
13. The nature and details of the relationship between the Issuer, the Applicants and the Banks will be described in the Preliminary Prospectus and the Prospectus as prescribed by Proposed Instrument 33-105. The Preliminary Prospectus and the Prospectus will contain the information specified in Appendix "C" of Proposed Instrument 33-105 and a certificate signed by each Underwriter in accordance with Item 21.2 of Form 44-101F3 to National Instrument 44-101.
14. The decision to issue the Trust Units, including the determination of the terms of the distribution, was made through negotiations between Enerplus Global Energy Management Company (the manager of the Issuer), on behalf of the Issuer and the Underwriters without involvement of the Banks.
15. The Preliminary Prospectus and the Prospectus will identify the independent Underwriters, and disclose the role of the independent Underwriters in the structuring and pricing of the Offering and in the due diligence activities performed by the Underwriters for the Offering. None of the Applicants will benefit in any manner from the Offering other than by the payment of their fees in connection with the Offering.
16. The Issuer is not under any immediate financial pressure to proceed with the Offering and has not been requested or required by the Banks to repay the amounts owing under the Credit Facilities. The Issuer is not a "specified party" as defined in Proposed Instrument 33-105.

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

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

THE DECISION of the Decision Makers, pursuant to the Legislation, is that the Independent Underwriter Requirement shall not apply to the Applicants in connection with the Offering of the Trust Units by the Issuer provided that:

- (a) at the time of the Offering, the Issuer is not a "specified party" as that term is defined in Proposed Instrument 33-105, and the Issuer is not a "related issuer" of an Underwriter as that term is defined in Proposed Instrument 33-105; and
- (b) the Preliminary Prospectus and the Prospectus contain the information described by paragraphs 13 and 15.

November 6, 2001.

"Paul M. Moore"

"Robert W. Korthals"

2.1.4 TELUS Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief from prospectus and registration relief requirements for trades in shares to independent distributors and sales representatives of the issuer and its subsidiaries.

Applicable Ontario Statutory Provisions

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

Applicable Ontario Rules

Rule 45-503 - Trades to Employees, Executives and Consultants.

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

AND

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

AND

IN THE MATTER OF
TELUS CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island (the "Jurisdictions") has received an application from TELUS Corporation ("TELUS") and its subsidiaries and controlled entities, including TELE-MOBILE Company ("TELE-MOBILE"), for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain receipts for a preliminary prospectus and a prospectus (the "Prospectus Requirements") shall not apply to the trades by TELUS of Non-Voting Shares (the "Shares") of TELUS to certain distributors and sales representatives of the products and services of TELUS and its subsidiaries in connection with the TELUS Channel Stock Incentive Plan (the "Plan");

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 TELUS and TELE-MOBILE have represented to the Decision Makers that:

1. TELUS was incorporated under the Company Act (British Columbia) on October 26, 1998;
2. TELUS' executive and registered offices are located at 21st Floor, 3777 Kingsway, Burnaby, British Columbia, V5H 3Z7;
3. TELUS is the second largest Canadian telecommunications provider, offering a full range of communication services;
4. the authorized capital of TELUS consists of 4,000,000,000 shares divided into 1,000,000,000 TELUS common shares, 1,000,000,000 TELUS Shares, 1,000,000,000 first preferred shares without par value and 1,000,000,000 second preferred shares without par value; as at August 31, 2001, 179,960,268 common shares, 118,157,010 Shares, no first preferred shares and no second preferred shares were issued and outstanding;
5. TELUS is a reporting issuer or its equivalent in each of the Jurisdictions, is not in default of any requirement under the Legislation, and is eligible to file a short form prospectus pursuant to National Instrument 44-101;
6. the TELUS Common Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE"); the Shares are listed and posted for trading on the TSE and the New York Stock Exchange;
7. for the year ended December 31, 2000, TELUS had consolidated revenue of 6,433,200,000 and has over 2 million wireless subscribers;
8. the TELUS Mobility network is operated by TELE-MOBILE; TELE-MOBILE is a partnership under the laws of Ontario which is wholly-owned by TELUS and its affiliates and is not a reporting issuer in any of the Jurisdictions;
9. the purpose of the Plan is to promote the interests of TELUS and its shareholders by increasing sales of various products and services by payment of additional compensation by the applicable TELUS subsidiaries, in the form of Shares, to distributors and sales representatives of certain products and services of TELUS and its subsidiaries;
10. under the Plan, TELUS may determine which subsidiary or partnership, the majority of partnership units of which are owned by TELUS, shall participate in the Plan; however any such subsidiary or partnership that participates in the Plan will be as committed to TELUS products and services as TELE-MOBILE;
11. under the Plan, TELUS will define criteria for the determination of distributors and sales representatives of a specified telecommunications service offered by TELE-MOBILE or a TELUS subsidiary that meets the requirements of paragraph 10 above who will be entitled to participate in the Plan based on volumes of subscriber units sold by them; distributors and sales representatives may apply to TELUS or a subsidiary for enrolment in the Plan and upon acceptance by TELUS or a subsidiary of such application, the distributor or sales representative shall become a participant of the plan (a "Participant");
12. TELE-MOBILE will establish a target number of active and good standing subscriber units (radio sets) to be sold by a Participant for determination of the number of Shares to be issued; if that target number is reached and those units are still active on the TELUS Mobility service for at least six months, one Share will be issued to the Participant for each target number of subscriber units, rounded down to nearest multiples of ten; Shares will be issued in blocks of five; with respect to any other telecommunications services provided by another subsidiary, that subsidiary will establish target numbers of services or equipment to be sold, the determination of the continued eligibility for entitlement to Shares thereunder and the number of Shares to be issued; the applicable TELUS entity will pay TELUS the issue price for such Shares which will be the weighted average trading price of the Shares on the TSE during five consecutive trading days before the trading date, and will provide such Shares to the Participant as additional compensation;
13. the Plan will only be offered to distributors and their sales representatives who provide ongoing support and service to TELUS products and services; the Plan will not be offered to retail-only distributors of TELUS products and services and their sales representatives;
14. initially, the Plan will be offered to certain distributors and sales representatives who sell specified radio units which will be mobilized on the TELUS Mobility network operated by TELE-MOBILE;
15. TELE-MOBILE has distributor agreements in place with the distributors, who in turn employ the sales representatives;
16. in order to sell TELUS products and services, the sales representatives are required to complete a training program designed to familiarize the sales representatives with the TELE-MOBILE business to aid in the sale of TELE-MOBILE products and services; as well, the distributors and sales representatives have access to information relating to TELUS' position in the industry through distributor rallies, distributor forums, training programs, regular marketing bulletins and visits from TELE-MOBILE channel managers;
17. the majority of the distributors and sales representatives will be devoted exclusively to the sale of TELE-MOBILE products and services; all of the distributors and sales representatives are dedicated to the communications industry with a particular focus on the wireless business;
18. under the Plan, TELUS may issue a maximum of 300,000 Shares;
19. no insiders of TELUS will be Participants in the Plan;

20. there is no cost to the Participants for receiving the Shares;
21. TELUS will mail to each Participant who receives Shares a letter explaining that TELUS discloses information to the public on a regular basis and that such disclosure can be obtained by accessing SEDAR or by contacting TELUS;
22. Participants who hold Shares will receive copies of all annual reports, proxy solicitation materials and other materials generally distributed to the holders of Shares; and
23. the TSE has conditionally approved the Plan and the reservation for issuance of up to 300,000 Shares thereunder;

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 Registration Requirements and the Prospectus Requirements contained in the Legislation shall not apply to the trade by TELUS of Shares under the Plan provided that the first trade in Shares acquired under the Plan in a Jurisdiction shall be deemed to a distribution or primary distribution to the public under the Legislation of such Jurisdiction (the "Applicable Legislation") unless:

- (a) at the time of the first trade, TELUS is and has been a reporting issuer or the equivalent under the Applicable Legislation for the 12 months immediately preceding the trade;
- (b) if the seller is an insider or officer of TELUS, the seller has filed all records required to be filed under the Applicable Legislation and has no reasonable grounds to believe that TELUS is in default of any requirement of the Applicable Legislation;
- (c) 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 attaching to the outstanding voting securities of TELUS to affect materially the control of TELUS, 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 TELUS to affect materially the control of TELUS 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 TELUS, 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 TELUS;

- (d) no unusual effort is made to prepare the market or create a demand for the Shares; and
- (e) no extraordinary commission or other consideration is paid in respect of the trade.

October 29, 2001.

"Brenda Leong"

2.1.5 British Telecommunications PLC - MRRS Decision

Headnote

MRRS - relief granted, subject to certain conditions, from the prospectus and registration requirements in respect of trades in connection with a spin-out or "demerger" transaction where the "good faith reorganization exemption" and the "stock dividend exemption" are not available for technical reasons.

Reporting issuer exempted from certain continuous disclosure and insider reporting requirements subject to certain conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. Ss. 25, 35(1)15.i, 53, 72(1)(i), 72(5), 74(1), 75, 77, 79, 80(b)(iii), 81(2), 88(2)(b), 107, 108, 109, 121(2)(a)(ii), Part XIX.

Applicable Ontario Rules

Rule 45-501 - Exempt Distributions
Rule 51-501 - AIF and MD&A
Rule 72-501 - Prospectus Exemption for First Trade over a Market outside Ontario

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

AND

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

AND

**IN THE MATTER OF
BRITISH TELECOMMUNICATIONS PLC,
mmO₂ plc AND BT GROUP PLC**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Makers") in each of Ontario, British Columbia, Saskatchewan, Manitoba, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") have received an application from mmO₂ plc ("mmO₂") and BT Group plc ("BT Group") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

- (a) the requirement contained in the Legislation to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirement") and the requirement to register to trade in a security (the "Registration Requirement") shall not apply to the issuance of the mmO₂ Shares, mmO₂ ADRs, BT Group

Shares and BT Group ADRs (each as defined below);

- (b) the requirements contained in the Legislation to issue a press release and file a report upon the occurrence of a material change, to file and deliver audited annual financial statements and annual reports, where applicable, and unaudited interim financial statements, and to comply with the proxy and proxy solicitation requirements, including filing an information circular or report in lieu thereof (collectively, the "Continuous Disclosure Requirements") shall not apply to mmO₂;
- (c) the requirement contained in Ontario Securities Commission Rule 51-501 - *AIF and MD&A* and section 159 of the Regulation to the *Securities Act* (Quebec), to file with the applicable Decision Makers an annual information form and management discussion and analysis thereon (the "Local AIF and MD&A Requirements") shall not apply to mmO₂; and
- (d) the requirement contained in the Legislation for an insider of a reporting issuer to file reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer or the equivalent (the "Insider Reporting Requirements") shall not apply to insiders of mmO₂;

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

AND UPON mmO₂ AND BT GROUP having represented to the Decision Makers as follows:

1. BT is a company which was incorporated and registered in England and Wales on April 1, 1984 under the Companies Acts 1948 to 1981. BT's ordinary shares (the "BT Shares") are currently listed on the London Stock Exchange (the "LSE") under the symbol "BT". BT Group was incorporated and registered in England and Wales under the Companies Act, 1985 (the "Act") on March 30, 2001 as Newgate Telecommunications Limited and reregistered as a public company on September 11, 2001. mmO₂ was incorporated and registered in England and Wales under the Act on March 30, 2001 as Newgate Wireless Limited and reregistered as a public company on September 12, 2001.
2. BT is currently a reporting issuer under the securities legislation of the Provinces of Ontario, Quebec, British Columbia and Nova Scotia. Pursuant to orders granted in 1996 BT was granted relief from the Continuous Disclosure Requirements on terms substantially similar to the relief sought in this application by orders of the Decision Makers and insiders of BT were granted relief from the Insider Trading Requirements pursuant to certain orders or blanket orders of the Decision Makers.

- mmO₂ and BT Group are not currently reporting issuers under the Legislation.
- 3. BT is one of the leading providers of telecommunications services. Based on the market price of BT on August 31, 2001, BT's market capitalization is approximately £36.3 billion.
- 4. As of August 31, 2001, there were 8,596,818,408 BT Shares issued and outstanding. Certain of BT's Shares are held as American Depositary Shares. Each American Depositary Share represents 10 BT Shares and is evidenced by an American Depositary Receipt (the "BT ADRs"). The BT ADRs are currently listed on the New York Stock Exchange (the "NYSE"). Each holder of BT Shares and BT ADRs is a BT Shareholder.
- 5. There are approximately 1,140 BT Shareholders resident in Canada. The BT Shareholders resident in Canada hold approximately 606,222 shares representing approximately 0.01% of the BT Shares. Of the BT Shareholders resident in Canada, there are approximately 616 resident in Ontario, 261 resident in British Columbia, 9 resident in Saskatchewan, 16 resident in Manitoba, 66 resident in Quebec, 22 resident in Nova Scotia and 16 resident in Newfoundland.
- 6. BT is proposing to "demerge" or spin-out its wireless business by incorporating two new publicly-listed holding companies. One of the new holding companies, mmO₂, will acquire all of the issued and outstanding shares of BT by way of plan of arrangement (the "Plan of Arrangement"). The trades occurring pursuant to the Plan of Arrangement are statutorily exempt from the prospectus and registration requirements in each of the Jurisdictions except Quebec. After the Plan of Arrangement has been completed, by a series of transactions set out below, the BT business without the wireless business will be transferred to the other newly-incorporated holding company, BT Group (the "Demerger").
- 7. Pursuant to the Plan of Arrangement, BT Shareholders' BT Shares and BT ADRs will be exchanged for ordinary shares of mmO₂ (the "mmO₂ Shares") and American Depositary Receipts of mmO₂ (the "mmO₂ ADRs"), on a one-for-one basis. An application will be made for a meeting to be convened by the High Court of Justice in England and Wales to enable each BT Shareholder to consider and, if thought fit, approve the Plan of Arrangement. The resolution must be approved by the majority in number of the BT Shareholders representing not less than three-fourths of the nominal value of the BT Shares held by such shareholders. In addition, an extraordinary general meeting of BT will be convened for the BT Shareholders to approve the Plan of Arrangement and Demerger and other matters relating to the Demerger.
- 8. A circular describing the Plan of Arrangement of mmO₂ (the "BT Scheme Document") and forms of proxy will be sent to every BT Shareholder. The BT Scheme Document has been prepared in accordance with the Act and provides, among other things, the following:
 - (a) general descriptions of BT's, BT Group's and mmO₂'s business;
 - (b) financial information on the wireless business and pro forma financials for mmO₂;
 - (c) the interests of the BT directors and the effect of the Plan of Arrangement on their interests; and
 - (d) the conditions for the implementation of both the Plan of Arrangement and Demerger.
- 9. The Plan of Arrangement is conditional, inter alia, upon the following:
 - (a) approval of a majority of BT Shareholders who represent not less than three-fourths of the nominal value of the BT Shares voting at a meeting convened by the High Court of Justice in England and Wales to approve the Plan of Arrangement;
 - (b) the passing of a special resolution of BT Shareholders at an extraordinary general meeting;
 - (c) BT receiving confirmations from the relevant third parties and regulatory authorities in respect of the proposed restructuring of BT;
 - (d) admission of the mmO₂ Shares to the Official List and to trading on the LSE; and
 - (e) sanction of the Plan of Arrangement and any reduction of capital by the High Court of Justice in England and Wales.
- 10. Pursuant to the Demerger, BT Group will issue one ordinary share of BT Group (a "BT Group Share") (or one American Depositary Receipt (a "BT Group ADR")) to mmO₂ shareholders (or mmO₂ ADR holders) at the Demerger record time on a one-for-one basis. The Demerger will be effected as follows:
 - (a) after the Plan of Arrangement has become effective, BT will transfer O2 Limited, a wholly-owned subsidiary which is currently the holding company of the mmO₂ business, to mmO₂ for consideration equal to its book value as shown in the accounts of BT, with such amount left outstanding as an inter-company debt;
 - (b) BT will pay a dividend to mmO₂ of an amount equal to the aggregate of the book value of BT as shown in the accounts of mmO₂ and the expenses reasonably expected to be incurred by

The proposed court convened meeting and extraordinary general meeting of the BT Shareholders are scheduled for October 23, 2001 and, if all of the conditions are met, it is expected that the Plan of Arrangement will be effective on November 16, 2001. On the effective date, the BT Shares and BT ADRs will be cancelled.

- mmO₂ in connection with the Demerger and Plan of Arrangement;
- (c) mmO₂ will transfer BT to a wholly-owned subsidiary, Subco, for a combination of inter-company debt and shares;
 - (d) the debt owed by mmO₂ to BT described in paragraph (a) above will be assumed by Subco (in substitution for mmO₂) in consideration for the discharge of the debt owed by Subco to mmO₂ described in paragraph (c) above; and
 - (e) mmO₂ will declare a dividend of an amount equal to the book value of its shareholding in Subco which will be satisfied by the issue by BT Group of BT Group Shares, credited as fully paid, to mmO₂ shareholders on the basis set out above, in consideration of the transfer of Subco (together with its wholly-owned subsidiary BT) to BT Group.
11. The following procedural steps, inter alia, must be taken in order for the Demerger to become effective:
- (a) the Plan of Arrangement becoming effective;
 - (b) the passing of an ordinary resolution of the BT Shareholders at the extraordinary general meeting;
 - (c) the board of directors of mmO₂ resolving, following the Plan of Arrangement becoming effective, that the Demerger is in the best interests of BT;
 - (d) BT receiving confirmations from the relevant third parties and regulatory authorities in respect of the Demerger; and
 - (e) admission of the BT Group Shares to the Official List and to trading on the LSE.

If all of the conditions of the Plan of Arrangement and Demerger are met, they will become effective. It is currently anticipated that listing of the BT Group Shares, BT Group ADRs, mmO₂ Shares and mmO₂ ADRs will become effective, and that dealings will commence, on November 19, 2001.

12. Summary listing particulars of mmO₂ and a question and answer leaflet will also be provided to each BT Shareholder. The listing particulars will be prepared in accordance with the listing rules of the Financial Services Authority pursuant to the Financial Services Act 1986. The summary listing particulars will contain a description of mmO₂, the Plan of Arrangement and the Demerger. Full listing particulars for both mmO₂ and BT Group, which will be prepared in accordance with the rules of the LSE, will be posted on BT's website and available for shareholders to review.
13. Generally, the purpose of the BT Scheme Document, the question and answer leaflet and the summary listing particulars is to provide sufficient information to BT Shareholders entitled to vote at the meetings to allow

them to make an informed decision as to whether to vote in favour of or against the Plan of Arrangement and Demerger.

14. An application will be made for admission to the Official List of the UK Listing Authority and admission to trading on the London Stock Exchange of the ordinary shares of each of mmO₂ and BT Group. A supplemental listing application will be made to list the mmO₂ ADRs and BT Group ADRs on the New York Stock Exchange (the "NYSE"). Each of mmO₂ and BT Group will be subject to the reporting requirements of the United States Securities Exchange Act of 1934 (the "1934 Act").
15. Every BT Shareholder resident in Canada holding BT Group Shares, BT Group ADRs, mmO₂ Shares and mmO₂ ADRs after the Plan of Arrangement and Demerger will receive all continuous disclosure documents (including proxy solicitation materials) required to be sent to holders resident in England and Wales in the case of BT Group Shares and Shares and resident in the United States in the case of mmO₂ ADRs and BT Group ADRs pursuant to the laws, rules and regulations of England and Wales or the United States, as applicable, and applicable stock exchange rules.
16. There is a *de minimus* number of BT Shareholders in Canada and therefore there will be, upon implementation of the Plan of Arrangement and Demerger, a *de minimus* number of BT Group and mmO₂ shareholders in Canada.
17. Upon implementation of the Plan of Arrangement and Demerger, mmO₂ will as a result of the definition of "reporting issuer" under the Legislation in Ontario, British Columbia, Quebec and Nova Scotia be deemed to be a reporting issuer in such jurisdictions and BT Group may be deemed to be a reporting issuer in British Columbia and Quebec and will be deemed a reporting issuer in Nova Scotia. The Jurisdictions in which mmO₂ and/or BT Group will or may be reporting issuers are referred to herein as the "Reporting Jurisdictions".

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 requirements contained in the Legislation that provide 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 Prospectus Requirements and the Registration Requirements shall not apply to the issuance of the mmO₂ Shares, mmO₂ ADRs, BT Group Shares and BT Group ADRs in the Jurisdictions provided that the first trade in such securities shall be deemed a distribution or a primary distribution to the public under the Legislation unless:

- (a) in a Jurisdiction in which BT Group or mmO₂ is not a reporting issuer or the equivalent at the time of such first trade, such first trade is executed through the facilities of a stock exchange or market outside of Canada and such first trade is made in accordance with the rules of the stock exchange or market upon which the first trade is made and in accordance with all laws applicable to such stock exchange or market; and
 - (b) in the Reporting Jurisdictions:
 - (i) no unusual effort is made to prepare the market or to create a demand for such shares;
 - (ii) if the seller of the shares is an insider or officer of BT Group or mmO₂, as applicable, the seller has no reasonable grounds to believe that BT Group or mmO₂, as applicable is in default of any requirements of the applicable Legislation in such Jurisdiction; and
 - (iii) except in Quebec, the first trade is not a distribution from the holdings of a person or company or a combination of persons or companies holding a sufficient number of any securities of BT Group or mmO₂, as applicable so as to affect materially the control of BT Group or mmO₂, as applicable, or more than 20% of the outstanding voting securities of BT Group or mmO₂, as applicable except where there is evidence showing that the holding of these securities does not affect materially the control of BT Group or, as applicable.
2. The Continuous Disclosure Requirements in the Reporting Jurisdictions shall not apply to mmO₂ provided that:
- (a) mmO₂ complies with paragraph 15 of this Decision;
 - (b) mmO₂ files with the relevant Decision Makers in the Reporting Jurisdictions copies of all documents filed by mmO₂ with the United States Securities and Exchange Commission (the "SEC") under the 1934 Act;
 - (c) mmO₂ complies with the requirements of the LSE or NYSE in respect of making public disclosure of material information on a timely basis and forthwith issues in the Jurisdictions and files with the relevant Decision Makers in the Reporting Jurisdictions any such press release that discloses a material change in the affairs of mmO₂; and
 - (d) mmO₂ files with the Decision Makers in the relevant Reporting Jurisdictions copies of any

proxy solicitation materials delivered to holders of Shares or ADRs of mmO₂.

3. The Insider Reporting Requirements in the relevant Reporting Jurisdictions shall not apply to insiders of mmO₂ provided that such insiders file with the SEC on a timely basis the reports, if any, required to be filed with the SEC pursuant to s.16 of the 1934 Act and rules and regulations thereunder.

November 2, 2001.

"Paul M. Moore"

"Stephen N. Adams"

AND THE FURTHER DECISION of the Decision Makers in each of Ontario and Quebec is that the Local AIF and MD&A Requirements shall not apply to mmO₂ provided that the conditions set out in paragraph 2 of the operative portion of the Decision are complied with.

November 2, 2001.

"Margo Paul"

2.1.6 Calpine Corporation, et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Two issuers are Canadian wholly-owned subsidiaries of an MJDS eligible U.S parent, guarantor. Issuers granted relief from the continuous disclosure requirements, and the requirement to file in Ontario an Annual Information Form, subject to certain conditions. Insiders of the issuers granted relief from insider reporting requirements subject to certain conditions. Continuous disclosure documents of parent, guarantor to be filed in accordance with Parts 14 through 18 of NI 71-101.

National Instrument Cited

National Instrument 71-101 The Multijurisdictional Disclosure System, 3.1(a), 3.2, Parts 14-18.

Ontario Rule Cited

Rule 51-501 AIF and MD&A.

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF
CALPINE CORPORATION, CALPINE
CANADA ENERGY FINANCE ULC
AND CALPINE CANADA ENERGY FINANCE II ULC

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, and Newfoundland (the "Jurisdictions") has received an application from Calpine Corporation ("Calpine") and its indirectly wholly owned subsidiaries, Calpine Canada Energy Finance ULC ("Energy Finance") and Calpine Canada Energy Finance II ULC ("Energy Finance II") (Energy Finance and Energy Finance II being collectively referred to as the "FinanceCos", and Calpine and the FinanceCos being collectively referred to as the "Filers") for a decision pursuant to the securities legislation of the Jurisdictions

(the "Legislation") providing that the requirements contained in the Legislation:

- 1.1 that each FinanceCo file with the Decision Makers and send, where applicable, to its security holders audited financial statements or annual reports, where applicable, including without limitation management's discussion and analysis thereon;
- 1.2 that each FinanceCo file with the Decision Makers and send, where applicable, to its security holders unaudited interim financial statements, including without limitation management's discussion and analysis thereon;
- 1.3 that each FinanceCo issue and file with such Decision Makers press releases and file material change reports;
- 1.4 that insiders of each FinanceCo file with the Decision Makers insider reports;
- 1.5 that each FinanceCo comply with the proxy and proxy solicitation requirements, including filing with the Decision Makers an information circular or report in lieu thereof; and
- 1.6 that each FinanceCo file in Ontario and Saskatchewan an annual information form;

(collectively, the "Continuous Disclosure Requirements") shall not apply;

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 the Applicants have represented to the Decision Makers that:
 - 3.1 Calpine is incorporated under the laws of Delaware and has its head office in San Jose, California;
 - 3.2 Calpine is a reporting issuer or the equivalent under the securities legislation of the Jurisdictions and of the Province of Québec, but is not a reporting issuer or the equivalent in any of the other provinces or territories of Canada;
 - 3.3 Calpine has been a reporting company under the *United States Securities Exchange Act of 1934*, as amended (the "1934 Act") since 1996, and has filed with the United States Securities and Exchange Commission (the "SEC") all filings required to be made with the SEC under sections 13 or 15(d) of the 1934 Act since it first became a reporting company;
 - 3.4 Calpine's common shares are listed and posted for trading on the New York Stock Exchange (the "NYSE") and its public float, calculated in accordance with NI 71-101, was approximately U.S.\$10.2 billion on August 27, 2001;

- 3.5 Calpine has received an investment grade rating of BBB- on its unsecured debt, and as at August 27, 2001 it had an aggregate U.S.\$6.4 billion (approximately) of investment grade debt outstanding;
 - 3.6 each of the FinanceCos is incorporated under the laws of the province of Nova Scotia, and became a reporting issuer or the equivalent in all of the Jurisdictions on September 25, 2001, but is not a reporting issuer in the Province of Québec or any of the territories of Canada;
 - 3.7 the FinanceCos are indirectly wholly-owned subsidiaries of Calpine, incorporated to be special purpose finance subsidiaries, and their primary business is to engage in financing activities to raise funds for the business operations of Calpine and its subsidiaries and they will have no other operations;
 - 3.8 Calpine may issue non-convertible senior debt securities and non-convertible preferred shares (collectively, the "Calpine Securities") and the FinanceCos, or either of them, may issue non-convertible senior debt securities, which will be fully and unconditionally guaranteed by Calpine (the "Notes") on a continuous or delayed basis in Canada and in the United States as part of a broader shelf offering by the Filers that may include equity and debt securities of Calpine as well as debt securities of the FinanceCos;
 - 3.9 the offering of the Calpine Securities and the Notes in Canada (the "Offering") is to be effected under a Canadianized version of a base shelf prospectus (the "Base Prospectus") and one or more prospectus supplements (together with the Base Prospectus, the "Prospectus") of the Filers, prepared in accordance with U.S. securities laws and filed as part of a registration statement with the SEC pursuant to the *United States Securities Act of 1933*, as amended;
 - 3.10 for the purposes of the Offering, the Prospectus has been filed with the Decision Makers in accordance with the provisions of NI 71-101, which are available to offerings which meet:
 - 3.10.1 with respect to the Calpine Securities, the general eligibility criteria for offerings of debt that has an investment grade rating or preferred shares that have an investment grade rating, set forth in section 3.1(a) of NI 71-101 (the "General Eligibility Criteria"); and
 - 3.10.2 with respect to the Notes, the alternative eligibility criteria for offerings of certain guaranteed non-convertible debt that has an investment grade rating, set forth in section 3.2 of NI 71-101 (the "Alternative Eligibility Criteria");
 - 3.11 no equity securities of Calpine, or securities convertible or exchangeable into equity securities of Calpine will be offered or sold into Canada under the Prospectus, although Calpine may in the future offer equity securities or securities convertible into equity securities in Canada on a private placement basis;
 - 3.12 the offering of the Calpine Securities under the Offering meets the General Eligibility Criteria;
 - 3.13 the offering of the Notes by the FinanceCos under the Offering complies with the Alternative Eligibility Criteria, except for the fact that the FinanceCos are not incorporated under United States law. An MRRS Decision Document was issued on September 6, 2001 by the Alberta Securities Commission on behalf of the Decision Makers in Alberta, British Columbia, Manitoba and Ontario, and an MRRS Decision Document was issued on September 21, 2001 by the Nova Scotia Securities Commission on behalf of the Decision Makers in Nova Scotia, Saskatchewan, New Brunswick, Prince Edward Island and Newfoundland so that the requirement in section 3.2(b) of NI 71-101 that each of the FinanceCos be a "U.S. issuer" (as defined in NI 71-101) shall not apply to the FinanceCos in connection with the offering of the Notes under the Offering, provided that at the time of the Offering:
 - 3.13.1 Calpine satisfies the General Eligibility Criteria; and
 - 3.13.2 the FinanceCos comply in all other respects with the Alternative Eligibility Criteria;
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 each Decision Maker with the jurisdiction to make the Decision has been met;
 6. **THE DECISION** of the Decision Makers pursuant to the Legislation is that the Continuous Disclosure Requirements shall not apply to either of the FinanceCos for so long as:
 - 6.1 Calpine satisfies the Continuous Disclosure Requirements as a "U.S. issuer" in accordance with the provisions of Parts 14 through 18 of NI 71-101;
 - 6.2 Calpine maintains a class of securities registered under section 12 of the 1934 Act;
 - 6.3 Calpine maintains direct or indirect 100% beneficial ownership of the voting securities of such FinanceCo;

- 6.4 Calpine continues to fully and unconditionally guarantee the Notes (and any future issuances of debt securities by the FinanceCos under a prospectus offering) as to payments required to be made by the FinanceCos to holders of the Notes or such debt securities, as the case may be;
- 6.5 such FinanceCo carries on no other business than that set out in paragraph 3.7 of the Decision; and
- 6.6 such FinanceCo is in compliance with the requirements of the Legislation to issue a press release and file a report with the Decision Makers upon the occurrence of a material change in respect of the affairs of the FinanceCo that is not also a material change in the affairs of Calpine.

October 24, 2001.

"Mavis Legg"

2.1.7 RBC Dominion Securities et al. and CU Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a connected issuer, but not a related issuer, in respect of registrants that are underwriters in proposed distributions of securities by the issuer - underwriters exempt from the independent underwriter requirement in the legislation provided that disclosure of the relationship between the issuer, the registrants and connected issuers of the registrants is provided in the prospectus and supplement, and at time of an offering, the issuer is not a related issuer and is not a "specified party".

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 ALBERTA, ONTARIO,
NEWFOUNDLAND AND QUÉBEC**

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. AND TD SECURITIES INC.**

AND

**IN THE MATTER OF
CU INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Ontario, Newfoundland and Québec (the "Jurisdictions") has received an application from RBC Dominion Securities Inc., BMO Nesbitt Burns Inc. and TD Securities Inc. (collectively, the "Applicants") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation which restricts a registrant from acting as an underwriter in connection with a distribution of

securities of an issuer made by means of a prospectus, where the issuer is a connected issuer of the registrant, unless a portion of the distribution at least equal to that portion underwritten by non-independent underwriters by one or more independent underwriters (the "Independent Underwriter Requirement") shall not apply to the Applicants in connection with the anticipated filing of a short form prospectus in accordance with the requirements of National Instrument 44-102 and Companion Policy 44-102 CP (the "Shelf Prospectus") and the distribution from time to time ("Offerings") of unsecured debentures (the "Debentures") of CU Inc. (the "Issuer") pursuant to one or more prospectus supplements (each a "Prospectus Supplement") or pricing supplements (each a "Pricing Supplement") pursuant to a MTN Program;

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 Applicants have represented to the Decision Makers that:

1. The Applicants are registrants under the legislation and their head offices are located in Ontario.
2. The Issuer is a corporation governed by the laws of Canada.
3. The Issuer is a holding company whose principal operating subsidiaries are engaged in natural gas and electric energy utility operations, primarily in Alberta.
4. The Issuer is a reporting issuer under the securities legislation of each of the provinces of Canada. The Issuer's outstanding Class A non-voting shares and Class B common shares are not listed on any stock exchange.
5. All of the Class A non-voting shares and the Class B common shares of the Issuer are owned by Canadian Utilities Limited. As at the date hereof, the Issuer has consolidated indebtedness of \$1,762,800,000.
6. The Issuer intends to enter into a dealer agreement with the Applicants whereby the Issuer will agree to issue and sell, and the Applicants will agree
 - (a) to sell Debentures as agent on a best efforts basis; or
 - (b) to purchase Debentures as principals, from time to time.
7. The Issuer will file a preliminary short form shelf prospectus (the "Preliminary Shelf Prospectus") and a Shelf Prospectus with the securities regulatory authorities in each of the provinces of Canada in order to qualify the Debentures for distribution in those provinces. The Shelf Prospectus will provide that the Issuer may sell the Debentures to or through the Applicants purchasing as principal, and may also sell the Debentures to one or more purchasers, directly or through agents including the Applicants.
8. The Issuer and its subsidiaries currently have credit facilities (collectively, the "Credit Facilities") totalling approximately \$615 million with Canadian chartered banks (the "Banks") of which the Applicants are subsidiaries. As at the date hereof, there are no amounts outstanding under the Credit Facilities, however, the Banks have issued letters of credit in the amount of approximately \$30 million, substantially all of which reduce the amount that can be drawn under the Credit Facilities.
9. The proceeds of the distribution(s) of Debentures, before deducting the Applicants' fees and expenses of the offering thereof, are not presently known and will depend on the principal amount of the Debentures distributed from time to time pursuant to one or more supplements.
10. The proceeds will be used by the Issuer to finance the Issuer's capital expenditures, to reduce outstanding indebtedness and for other general corporate purposes.
11. Accordingly, the Issuer may be considered a "connected issuer" or the equivalent of the Applicants pursuant to the Legislation. The Issuer is not a "related issuer" of any of the applicants, as that term is defined in the 1998 draft Multi-Jurisdictional Instrument 33-105 ("MJ 33-105").
12. The proportionate percentage share of any distribution of Debentures to be underwritten by each of the Applicants is not presently known and may vary as between one or more such distributions, to be determined at the time of each such distribution.
13. The Applicants, if and when acting as underwriters in respect of an offering of the Debentures, may not comply with the proportional requirements of the Legislation.
14. The nature and details of the relationship between the Issuer, the Applicants and the Banks will be described in the Preliminary Shelf Prospectus and the Shelf Prospectus as prescribed by MJ 33-105, which disclosure, to the extent not previously satisfied in the Preliminary Shelf Prospectus and the Shelf Prospectus, shall be satisfied by including the prescribed disclosure in a Prospectus Supplement pertaining to a particular distribution of Debentures, if any, as required by Item 6.5(b) of National Instrument 44-102. The Preliminary Shelf Prospectus and the Shelf Prospectus will contain a certificate signed by each Applicant in accordance with Method 1 to National Instrument 44-102.
15. The Applicants will receive no benefit relating to the offering of Debentures other than the payment of their fees in connection therewith.
16. The decision to issue the Debentures, including the determination of the terms of the distribution, will be made through negotiations between the Issuer and the Applicants without involvement of the Banks.

17. The Applicants advise that, based on inquiries made of responsible officers of the Issuer, the Issuer is in good financial condition.

AND WHEREAS under the System, this MRSS 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 that the Independent Underwriter Requirement shall not apply to the Applicants in connection with the Offerings by the Issuer to be made by means of the Shelf Prospectus provided that:

- (a) at the time of each Offering of Debentures, the Issuer is not a "related issuer" of an Applicant as that term is defined in MJ1 33-105;
- (b) at the time of each Offering of Debentures, the Issuer is not a "specified party" as that term is defined in MJ1 33-105; and
- (c) the Shelf Prospectus, together with the relevant Prospectus Supplement, contains disclosure of the relationship between the Issuer, the Applicants and the Banks as would be required by Appendix C of MJ1 33-105.

October 23, 2001.

"R. Stephen Paddon"

"H. Lorne Morphy"

2.1.8 Scotia Capital Inc. and Bank of Nova Scotia - Variation of MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - previous MRRS decision document varied to extend provision of post-decision confidentiality.

Ontario Statutes

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

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

AND

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

AND

IN THE MATTER OF SCOTIA CAPITAL INC.

AND

**THE BANK OF NOVA SCOTIA
VARIATION OF MRRS DECISION DOCUMENT**

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Québec and Newfoundland (the "Jurisdictions") issued a decision (the "Original Decision") on June 15, 2001 under the securities legislation of the Jurisdictions (the "Legislation") exempting Scotia Capital Inc. ("Scotia Capital") from the limitations imposed on underwriters in respect of offerings involving connected issuers, related issuers or non-independent underwriters (the "Independent Underwriter Requirement") in the Legislation in respect of a proposed distribution (the "Offering") on a best efforts agency basis of subordinated debentures (the "Securities") of The Bank of Nova Scotia (the "Bank"), subject to certain conditions;

AND WHEREAS Scotia Capital has applied to the Decision Makers for a decision under the Legislation varying the Original Decision;

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 Scotia Capital has represented to the Decision Makers that:

1. On June 15, 2001, the Decision Makers issued the Original Decision relieving Scotia Capital from the Independent Underwriter Requirement in connection with the Offering of the Securities by the Bank.

2. The Original Decision provided that the Original Decision and the application filed in connection with the Original Decision would be held in confidence for up to 60 calendar days from the date of the Original Decision, or earlier in certain other circumstances.
3. It was anticipated at the time the application was filed in connection with the Original Decision that the Offering would be announced within 60 calendar days of the date of the Original Decision.
4. Additional time is required by Scotia Capital and the Bank to make a decision to proceed with the Offering.

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

THE DECISION of the Decision Makers under the Legislation is that the Original Decision be varied as follows:

1. deleting the first recital paragraph after the facts are set out and replacing it with the following:

"**AND WHEREAS** the Filer has requested that the Decision of the Decision Makers, as varied by the Decision Makers, the application dated June 1, 2001 filed in connection with the Decision and the application to vary the Decision dated August 10, 2001 (collectively, the "Confidential Materials") be held in confidence until November 14, 2001, subject to certain conditions;"

2. deleting the wording in paragraph 2(c) of the operative portion of the Original Decision and replacing it "November 14, 2001".

with the result that the Original Decision as varied by this Decision will be in the form attached as Schedule "A".

August 14, 2001.

"John A. Geller"

"R. Stephen Paddon"

SCHEDULE "A"

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

AND

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

AND

**IN THE MATTER OF
SCOTIA CAPITAL INC.**

AND

THE BANK OF NOVA SCOTIA

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Québec and Newfoundland (the "Jurisdictions") has received an application from Scotia Capital Inc. (the "Filer") for a decision (the "Decision"), pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which prohibits a registrant from acting as underwriter in connection with a distribution of securities of an issuer made by means of prospectus, where the issuer is a "related issuer" (or the equivalent) of the registrant or a "connected issuer" (or the equivalent) of the registrant, without certain required participation in the distribution by one or more other registrants, in respect of which the issuer is neither a related issuer (or the equivalent) nor a connected issuer (or the equivalent) of the registrant, shall not apply to the Filer in respect of a proposed distribution (the "Offering") on a best efforts agency basis of subordinated debentures (the "Securities") of The Bank of Nova Scotia (the "Bank"), subject to certain conditions;

AND WHEREAS the Securities are to be qualified for distribution by a short form prospectus of the Bank which has been filed on a final basis under SEDAR (the "Shelf Prospectus"), as supplemented by a prospectus supplement (the "Prospectus Supplement") describing the specific terms of the Offering (the Shelf Prospectus and the Prospectus Supplement are collectively referred to as the "Prospectus"), expected to be filed shortly with the securities regulatory authority or regulator (the "Securities Regulators") in each of the provinces and territories of Canada;

AND WHEREAS the Filer will be an underwriter of the Offering;

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

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

1. The Filer is registered under the Legislation as a dealer in the categories of "broker" and "investment dealer" or equivalent categories and is not in default in respect of any of the requirements thereunder.
2. The Filer is an indirect wholly-owned subsidiary of the Bank.
3. The Bank is a Schedule I chartered bank under the *Bank Act* (Canada), which constitutes its charter. The Bank's head office is located at 1709 Hollis Street, Halifax, Nova Scotia.
4. The Bank is a "reporting issuer" (or equivalent) under the Legislation of the Jurisdictions and is not in default of any requirements of the Legislation. The Bank is eligible to participate in the shelf distribution system set out in National Instrument 44 – 102 *Shelf Distributions*.
5. The Securities will be offered pursuant to the Prospectus.
6. The Decision to accept subscriptions to purchase the Securities will be made by the Bank. One or more officers of the Filer will provide financial advice to the Bank.
7. The Bank is, in relation to the Filer, a "related issuer" (or equivalent) and a "connected issuer" (or equivalent) as such terms are defined in the Legislation.
8. Since the Bank is a related issuer (or equivalent) and a connected issuer (or equivalent) of the Filer, and the Filer proposes to underwrite the largest portion of the Offering, the Offering will not comply with the Independent Underwriter Requirement contained in the Legislation.
9. The Filer and at least one underwriter in respect of which the Bank is not a "related issuer" or a "connected issuer" (an "Independent Underwriter" and together with the Filer and the other underwriters, the "Underwriters") will offer the Securities for sale to the public on a best efforts agency basis as stipulated in an agency agreement to be executed in relation to the Offering.
10. The Underwriters will be named in the Prospectus Supplement in respect of the Offering and the Prospectus Supplement will contain a certificate signed by the Filer and each of the other Underwriters.
11. The Prospectus Supplement will contain the information specified in Appendix "C" of proposed Multi-Jurisdictional Instrument 33-105 *Underwriting Conflicts* (the "Proposed Instrument") on the basis that the Bank is a related issuer (or equivalent) and "connected issuer" (or equivalent) of the Filer as such term is defined in the Proposed Instrument.
12. At least one Independent Underwriter will receive not less than 20 percent of the total management fees of the Offering (the "20% Independent Underwriter").

13. The Prospectus Supplement will identify the 20% Independent Underwriter and disclose the role of the 20% Independent Underwriter in the structuring and pricing of the distribution and in the due diligence activities performed by the underwriters for the distribution.

AND WHEREAS the Filer has requested that the Decision of the Decision Makers, as varied by the Decision Makers, the application dated June 1, 2001 filed in connection with the Decision and the application to vary the Decision dated August 10, 2001 (collectively, the "Confidential Materials") be held in confidence until November 14, 2001, subject to certain conditions;

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

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

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

1. the Independent Underwriter Requirement shall not apply to the Filer in connection with the offering of the Securities provided that:
 - (a) the portion of the total management fees received in respect of the Offering of the Securities by at least one Independent Underwriter is at least the lesser of:
 - (i) 20 percent of the total management fees for the Offering; and
 - (ii) the largest portion of the management fees paid or payable to the Filer or any other registrant that is not an Independent Underwriter; and
 - (b) the Prospectus Supplement contains the information described by paragraphs 11 and 13 hereof; and
2. the Confidential Materials will be held in confidence by the Decision Makers until the occurrence of the earliest of the following:
 - (a) the date on which the Prospectus Supplement is filed with the Decision Makers or a press release or other public announcement in respect of the Offering is made by the Filer;
 - (b) the date the Filer advises the Decision Makers that there is no longer any need to hold the Confidential Materials in confidence; and
 - (c) November 14, 2001.

2.2 Orders

2.2.1 ING US Equity Fund - ss. 59 (1)

Headnote

Exemption from the fees otherwise due under subsection 14(1) of Schedule 1 of the Regulation to the *Securities Act* on a distribution of units made by "underlying funds" arising in the context of RSP "clone" 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
ING INVESTMENT MANAGEMENT, INC.**

AND

**ING US EQUITY FUND
ING GLOBAL EQUITY FUND
ING EUROPE EQUITY FUND
ING AUSTRAL-ASIA EQUITY FUND
ING JAPAN EQUITY FUND**

ORDER

**(Subsection 59(1) of Schedule I of the Regulation made
under the above statute (the "Regulation"))**

UPON the application of ING Investment Management, Inc. ("ING"), the manager of ING US Equity RSP Fund, ING Europe Equity RSP Fund, ING Austral-Asia Equity RSP Fund, ING Japan Equity RSP Fund and ING Global Equity RSP Fund, and other similar funds established by ING from time to time (collectively, the "RSP Funds") and the manager of ING US Equity Fund, ING Europe Equity Fund, ING Austral-Asia Equity Fund, ING Japan Equity Fund and ING Global Equity Fund and other similar funds established by ING from time to time (collectively, the "Underlying Funds") for an order pursuant to subsection 59(1) of Schedule I of the Regulation exempting the Underlying Funds from paying duplicate filing fees on an annual basis in respect of the distribution of units (the "Securities") of the Underlying Funds to the RSP Funds, the distribution of Securities of the Underlying Funds to counterparties with whom the RSP Funds have entered into forward contracts and on the reinvestment of distributions on such Securities.

AND UPON considering the application and the recommendations of the staff of the Commission.

AND UPON ING having represented to the Commission that:

1. ING is, or will be, the manager of the RSP Funds and the Underlying Funds. ING is a corporation established under the laws of Ontario.
2. Each RSP Fund and Underlying Fund is, or will be, an open-end mutual fund trust established under the laws of Ontario.
3. The RSP Funds and the Underlying 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 RSP Funds and the Underlying Funds are, or will be, qualified for distribution pursuant to simplified prospectuses and annual information forms filed across Canada.
4. As part of their investment strategy, each RSP Fund enters into forward contracts or other derivative instruments (the "Forward Contracts") with one or more financial institutions or dealers (the "Counterparties") that link the RSP Fund's returns to its corresponding Underlying Fund.
5. Counterparties may hedge their obligations under the Forward Contracts by investing in Securities (the "Hedge Securities") of the applicable Underlying Funds.
6. As part of their investment strategy, each RSP Fund may invest a portion of its assets directly in Securities of its corresponding Underlying Fund (the "Fund-on-Fund Investments").
7. Applicable securities regulatory approvals for the Fund-on-Fund Investments and the RSP Funds' investment strategies have been obtained.
8. Annually, each of the RSP 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 I 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 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 RSP Funds and the Hedge Securities, pursuant to Section 14 of Schedule I 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 I of the Regulation may result when (a) assets of an RSP Fund are invested in the applicable Underlying Fund (b) Hedge Securities are distributed and (c) a distribution is paid by an Underlying Fund on Securities of the Underlying Fund held by the applicable RSP Fund or on Hedge Securities which are reinvested

in additional Securities of the Underlying 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 I of the Regulation that the Underlying Funds are exempt from the payment of duplicate filing fees on an annual basis pursuant to Section 14 of Schedule I of the Regulation in respect of the distribution of Securities of the Underlying Funds to the RSP Funds, the distribution of Hedge Securities to Counterparties and the distribution of the Reinvested Securities, provided that each Underlying Fund shall include in its notice filed under subsection 14(4) of Schedule I of the Regulation a statement of the aggregate gross proceeds realized in Ontario as a result of the issuance by the Underlying Funds of (1) Securities to the RSP 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.

November 2, 2001.

"R. Stephen Paddon"

"Howard I. Wetston"

2.2.2 Battlefield Minerals Corporation

Headnote

Subsection 83.1(1) - Issuer deemed to be a reporting issuer in Ontario - Issuer has been a reporting issuer in Alberta, British Columbia and Saskatchewan since June 6, 1989 - Issuer listed and posted for trading on the Canadian Venture Exchange ("CDNX") - Issuer is not designated as a Capital Pool Company by CDNX - Continuous disclosure requirements of Alberta, British Columbia and Saskatchewan substantially identical to those of Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 83.1(1).

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

AND

**IN THE MATTER OF
BATTLEFIELD MINERALS CORPORATION**

**ORDER
(Subsection 83.1(1))**

UPON the application of Battlefield Minerals Corporation (the "Company") for an order pursuant to subsection 83.1(1) of the Act deeming the Company to be a reporting issuer for the purposes of Ontario securities law;

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

AND UPON the Company representing to the Commission as follows:

1. The Company was incorporated on November 30, 1987 under the *Business Corporations Act* (Saskatchewan) under the name Golden Marlin Resources Limited. On December 6, 1995 the Company was continued under the *Business Corporations Act* (Yukon) and the name of the Company was changed to Indomin Resources Limited. The name of the Company was changed again to the current name on June 15, 1998.
2. The Company's head office is located in Toronto, Ontario.
3. The Company is, and has been, a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act"), the *Securities Act* (British Columbia) (the "BC Act") and the *Securities Act* (Saskatchewan) (the "Saskatchewan Act") since June 6, 1989, and is not in default of any of the requirements of the Alberta Act, the BC Act or the Saskatchewan Act or the regulations made thereunder. The Company is not a reporting issuer or equivalent under the securities legislation of any other jurisdiction in Canada.

4. The continuous disclosure requirements of the Alberta Act, the BC Act and the Saskatchewan Act are substantially the same as the requirements under the Act.
5. The continuous disclosure materials filed by the Company under the Alberta Act, the BC Act and the Saskatchewan Act since February 20, 1997 are available on the System for Electronic Document Analysis and Retrieval.
6. The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of preference shares, of which 34,305,121 common shares and no preference shares were issued and outstanding as of September 13, 2001.
7. As of September 13, 2001, approximately 58% of the Company's issued and outstanding common shares were registered in the names of shareholders having a registered address in Ontario.
8. The common shares of the Company are listed and posted for trading on the Canadian Venture Exchange Inc. ("CDNX") under the symbol "BFM". To the best of its knowledge, the Company is in good standing under the rules, regulations and policies of CDNX.
9. The Company is not designated as a Capital Pool Company by CDNX.
10. The Company has not been subject to any penalties or sanctions imposed against the Company by a court relating to Canadian securities legislation, or by a Canadian securities regulatory authority, and has not entered into any settlement agreements with any Canadian securities regulatory authority, other than a Management and Insider Cease Trade Order imposed against the Company between May 29, 2001 and July 24, 2001 by the Ontario Securities Commission ("OSC") under OSC Policy 57-503 as a result of the failure of Melanesian Minerals Corporation, a company in which the Company was during that period an insider, to file annual and interim financial statements within the time periods prescribed by the Act.
11. Neither the Company nor any of its officers, directors, nor any of its shareholders holding sufficient securities of the Company to affect materially the control of the Company, is or has been subject to: (i) any known ongoing or concluded investigations by: (a) a Canadian securities regulatory authority, or (b) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee within the preceding 10 years.
12. None of the officers or directors of the Company, nor any of its shareholders holding sufficient securities of the Company to affect materially the control of the

Company, is or has been at the time of such event, an officer or director of any other issuer which is or has been subject to: (i) any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years, other than John Charles Forrest, who was between May 29, 2001 and July 24, 2001 subject to a Management and Insider Cease Trade Order imposed against him by the OSC under OSC Policy 57-503 as a result of the failure of Melanesian Minerals Corporation, a company in which Mr. Forrest was a director during that period, to file annual and interim financial statements within the time periods prescribed by the Act.

13. Other than as set out in paragraphs 10 and 12, neither the Company nor any of its officers, directors, nor any of its shareholders holding sufficient securities of the Company to affect materially the control of the Company has: (i) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, (ii) entered into a settlement agreement with a Canadian securities regulatory authority, or (iii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

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

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

November 7, 2001.

"Iva Vranic"

2.2.3 Linear Resources Inc. - s. 83.1(1)

Headnote

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

Statutes Cited

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

Policies Cited

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

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

AND

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

**ORDER
(Section 83.1(1))**

UPON the application of Linear Resources Inc. (the "Corporation") to the Ontario Securities Commission (the "Commission") for an order pursuant to subsection 83.1(1) of the Act deeming the Corporation to be a reporting issuer for the purposes of Ontario securities law;

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

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

1. The Corporation is a corporation incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta). The head office of the Corporation is 10335 Wilson Road, North Saanich, British Columbia, V8L 5S8 and the registered office of the Corporation is 3100, 324 - 8th Avenue S. W., Calgary, Alberta, T2P 3Z2.
2. The Corporation's common shares (the "Common Shares") are listed and posted for trading on The Canadian Venture Exchange ("CDNX"), and the Corporation has the status of reporting issuer in the Provinces of British Columbia, Alberta and Nova Scotia. The Corporation became a reporting issuer in Alberta in September 1987, in British Columbia on May 29, 1996, and in Nova Scotia on April 27, 2000.
3. The Corporation is not on the lists of defaulting reporting issuers maintained pursuant to section 113 of the *Securities Act* (Alberta), section 77 of the *Securities Act* (British Columbia) or section 77(12) of the *Securities Act* (Nova Scotia). To the knowledge of

management of the Corporation, the Corporation has not been the subject of any enforcement actions by the Alberta, British Columbia or Nova Scotia Securities Commissions or by CDNX, and the Corporation is not in default of any requirement of the Act, the *Securities Act* (Alberta), the *Securities Act* (British Columbia) or the *Securities Act* (Nova Scotia).

4. The continuous disclosure requirements of the *Securities Act* (Alberta) and the *Securities Act* (British Columbia) are substantially the same as the continuous disclosure requirements under the Act.
5. The materials filed by the Corporation as a reporting issuer in the Provinces of Alberta and British Columbia since January 1, 1997 are available on the System for Electronic Document Analysis and Retrieval.
6. The authorized share capital of the Corporation consists of an unlimited number of Common Shares, an unlimited number of first preferred shares and an unlimited number of second preferred shares, of which a total of 5,076,771 Common Shares are issued and outstanding as of July 6, 2001.
7. Neither the Corporation nor any of its officers, directors or, to the knowledge of the Corporation or its officers and directors, any controlling shareholder, has (i) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, (ii) entered into a settlement agreement with a Canadian securities regulatory authority, or (iii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

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

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

November 2, 2001.

"R. Stephen Paddon"

"Howard I. Wetston"

2.2.4 Retirement Residences Real Estate Investment Trust - ss. 219(1), 224(1)(b) and 233

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer is a connected, but not a related, issuer in respect of two registrants that are underwriters in a proposed distribution of units by the issuer – underwriters exempt from the independent underwriter requirement in the legislation, subject to certain conditions.

Applicable Ontario Regulations

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

Applicable Ontario Rules

Proposed Multi-Jurisdictional Instrument 33-105: Underwriting Conflicts (1998), 21 OSCB 788.

Proposed Multilateral Instrument 33-105: Underwriting Conflicts (2001), 24 OSCB 3805 (June 22, 2001).

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

AND

**IN THE MATTER OF
RETIREMENT RESIDENCES REAL ESTATE
INVESTMENT TRUST**

AND

**IN THE MATTER OF
CIBC WORLD MARKETS INC.
HSBC SECURITIES (CANADA) INC.**

**ORDER
(Section 233 of the Regulation)**

UPON the application of CIBC World Markets Inc. ("CIBCWM") and HSBC Securities (Canada) Inc. ("HSBC") (collectively, the "Related Registrants") to the Ontario Securities Commission (the "Commission"), on an expedited basis, for an order pursuant to section 233 of the Regulation, exempting the Related Registrants from the requirements of clause 224(1)(b) of the Regulation (the "Independent Underwriter Requirement") in respect of the proposed new issue (the "Offering") of units (the "Units") of Retirement Residences Real Estate Investment Trust (the "REIT") pursuant to a short form prospectus being underwritten by the Related Registrants, Merrill Lynch Canada Inc. ("Merrill"), RBC Dominion Securities Inc. ("RBCDS"), TD Securities Inc. ("TD"), National Bank Financial Inc. ("NBF") and Raymond James Ltd. (R.J") (collectively, the "Underwriters");

AND UPON the Underwriters having represented to the Commission that:

1. Each of the Related Registrants is registered as a dealer under the legislation of Ontario.
2. The REIT was created by declaration of trust under the laws of the Province of Ontario on December 28, 2000.
3. The REIT's head office is located in Toronto, Ontario. The Units are listed and posted for trading on The Toronto Stock Exchange under the symbol RRR.UN.
4. The REIT owns 73 retirement homes and is the largest provider of residential senior accommodation and related services in Canada, servicing approximately 7,000 residents.
5. The REIT is a "reporting issuer" pursuant to Ontario securities legislation.
6. The preliminary short form prospectus for the Offering was filed on October 31, 2001.
7. The net proceeds of the Offering to be received by the REIT after deduction of the Underwriters' fee and the estimated expenses of the Offering payable by the REIT will be used to fund the acquisitions of the Colonel By, Kingsway and Cedarbrook Lodge retirement facilities and to fund the acquisition of Medisys Nursing Placement, a Montreal based home health care nursing agency owned by Medisys Health Group Inc. Surplus funds will be used to reduce the REIT's indebtedness under its revolving credit facilities.
8. The REIT entered into an underwriting agreement with the Underwriters on October 31, 2001 with respect to the Offering. The proportionate share of the Offering underwritten by each of the Underwriters is expected to be as follows:

Underwriter	Proportionate Share
CIBCWM	25%
HSBC	23%
Merrill	14%
RBCDS	14%
TDSI	14%
NBF	7%
RJ	3%
9. The REIT has filed a preliminary short form prospectus dated October 31, 2001 with the securities authority or regulator in each Province and Territory of Canada, and a preliminary MRRS receipt document has been issued by the Ontario Securities Commission in respect of the preliminary short form prospectus on behalf of each such securities authority or regulator.
10. The preliminary short form prospectus contains and the final short form prospectus will contain, a certificate signed by each of the Underwriters including the Related Registrants.

11. Each of Merrill, RBCDS, TDSI, NBF and RJ have participated in the structuring, pricing and due diligence in connection with the Offering.
12. Each of the Related Registrants is a subsidiary of a Canadian chartered bank (the "Bank"), that is a lender to the REIT. The Banks have made a corporate revolving facility (the "Bank Facility") of \$50 million available to the REIT. As at October 31, 2001, the REIT was indebted to the Banks under the Bank Facility in an amount of approximately \$15 million, a part of which will be repaid out of the proceeds of the Offering.
13. The REIT is currently in compliance with the terms of the Bank Facility.
14. The decision to distribute the Units and the determination of the terms of distribution were made through negotiations between the REIT and the Underwriters. The Banks did not have any involvement in such decision or determination.
15. None of the Underwriters will receive any benefit from this offering other than its portion of the Underwriters' fee payable by the REIT.
16. The REIT is in good financial condition and is not under any immediate financial pressure to proceed with the Offering.
17. In light of the indebtedness under the Bank Facility, the REIT may be considered a connected issuer of the Related Registrants pursuant to the definition of a "connected issuer" or equivalent contained in Ontario securities legislation.
18. The REIT is not a related issuer of the Underwriters and the REIT is not a "specified party" (as defined under Proposed Multi-jurisdictional Instrument No. 33-105 - Underwriting Conflicts (1998) 21 O.S.C.B. 788 (the "Proposed Conflicts Instrument")).
19. The distribution will be made under a short form prospectus which contains the information required in Appendix C to the Proposed Conflicts Instrument.

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

IT IS ORDERED pursuant to section 233 of the Regulation that the Independent Underwriter Requirement shall not apply to the Related Registrants in connection with the Offering provided that:

- (a) at the time of the Offering, the REIT is not a "specified party", as that term is defined in the Proposed Conflicts Instrument, and the REIT is not a "related issuer" of any Underwriter, as that term is defined in the Proposed Conflicts Instrument; and
- (b) the short form prospectus contains the information described by paragraph 19.

November 9, 2001.

"Paul M. Moore"

"R. Stephen Paddon"

2.2.5 Arlington Securities - s. 127

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

AND

**IN THE MATTER OF
ARLINGTON SECURITIES INC. AND
SAMUEL ARTHUR BRIAN MILNE**

**ORDER
(Section 127)**

WHEREAS on the 11th day of October, 2001, the Ontario Securities Commission (the "Commission") ordered, pursuant to subsection 127(5) of the *Securities Act*, R.S.O. c.S.5, as amended (the "Act"), that certain terms and conditions be imposed on the registration of Arlington Securities Inc. ("Arlington") and its registered officer, Samuel Arthur Brian Milne ("Milne"), pursuant to clause 1 of subsection 127(1) of the Act;

AND WHEREAS the Commission further ordered that pursuant to clause 6 of subsection 127(1) of the Act that the Temporary Order referred to above shall take effect immediately and shall expire on the fifteenth day after its making unless extended by the Commission;

AND WHEREAS on October 11, 2001, the Commission issued a Notice of Hearing (the "Notice of Hearing") pursuant to sections 127 and 127.1 of the Act in respect of Arlington Securities Inc. and Samuel Arthur Brian Milne scheduled for a hearing before the Commission on Wednesday October 24, 2001;

AND WHEREAS the Commission has been advised that the Respondents were duly served with the Temporary Order, Notice of Hearing and related Statements of Allegations dated October 11, 2001, and amendments thereto dated October 22, 2001;

AND WHEREAS the Respondents, by their counsel, appeared before the Commission on Wednesday October 24, 2001;

AND WHEREAS Staff of the Commission requested that the Temporary Order be extended against the Respondents until the hearing is concluded;

AND WHEREAS the Respondents, by their counsel, requested, and Staff of the Commission did not oppose, proposed amendments to the Temporary Order to delete reference to subparagraph 7(a) of the Temporary Order, and to add a new paragraph 7A, to read as follows:

7A. The Registrant shall immediately notify the Senior Accountant upon the earlier of:

- (a) the Registrant's committing any "act of bankruptcy" as set out in subsection

42(1) of the *Bankruptcy and Insolvency Act*; and

- (b) any communication by the Registrant with a trustee in bankruptcy, accountant or other similar professional or advisor regarding the Registrant's options for making an assignment or proposal under the *Bankruptcy and Insolvency Act*, or other alternatives for restructuring the business of the Registrant or dealing with claims of creditors or customers.

AND WHEREAS the Respondents did not oppose the making of the Order of the Commission herein in the amended form below:

AND WHEREAS Staff of the Commission further requested that this proceeding be adjourned to November 12, 2001, and the Respondents did not oppose this request;

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

IT IS HEREBY ORDERED, effective October 24, 2001, pursuant to section 127(7) of the Act, that the Temporary Order made by the Commission on October 11, 2001 is extended against the Respondents until this hearing is concluded, as amended in the form below:

IT IS ORDERED pursuant to subsection 127(1) of the Act that:

1. The Registrant (which term includes Arlington and its registered officer, Samuel Arthur Brian Milne) shall, as at the end of each calendar month commencing September 1, 2001, file with Carlin Fung, Senior Accountant, Capital Markets Branch, Ontario Securities Commission, or such other designated employee of the Ontario Securities Commission that Carlin Fung, or the designated employee, notifies the Registrant is to act as Senior Accountant (the "Senior Accountant"), within 15 business days of the end of each month the following:
 - (a) the total number of client accounts of the Registrant sorted according to the type of account (e.g. cash account, RRSP account, margin account), as at the end of the calendar month;
 - (b) details as to how securities held by the Registrant for clients are registered (i.e. nominee name or client name), including the number of nominee and client name accounts, as at the end of the calendar month;
 - (c) identification of all securities (specifying name of issuer and type of security) in which the Registrant purchased or sold securities for its own account, during the calendar month;
 - (d) in the case of each client of the Registrant, a reconciliation of the securities held on behalf of the client as recorded on the books of the

Registrant to the records of the books of any other person or company holding the securities on behalf of the Registrant, as at the end of the calendar month;

- (e) for each account of the Registrant at a financial institution, a reconciliation of the account balance recorded on the books of the Registrant to that recorded by the financial institution, as at the end of the calendar month; and
- (f) interim financial statements of the Registrant, including an income statement, a classified balance sheet and a statement of cash flows, for the period commencing with the beginning of the Registrant's fiscal year and ending the last day of the calendar month, all prepared in accordance with generally accepted accounting principles.

2. The Registrant shall not take any of the following actions, without demonstrating to the satisfaction of the Senior Accountant that, after giving effect to the action, the Registrant will maintain an amount of net free capital not less than the minimum amount required to be maintained in accordance with section 107 of the Regulation:

- (a) reduce the share capital of the Registrant in any manner (including, but not limited to, any redemption, re-purchase or cancellation of any shares of the Registrant);
- (b) reduce or repay any indebtedness that was subordinated in accordance with a subordination agreement referred to in section 111 of the Regulation;
- (c) make any advance or other payment, directly or indirectly (including, but not limited to, any payment for services or payment on account of securities of the Registrant that are held by the payee, such as a payment upon redemption, a dividend, or other distribution) to any of the following:
 - (i) any person or company that is an associate of either the Registrant or an affiliate of the Registrant; and
 - (ii) any director, officer or shareholder of the Registrant or any of its affiliates;
- (d) enter into any transaction that will result in an increase in capital assets, except pursuant to a commitment entered into before the effective date of these terms and conditions of registration.

3. If the Registrant at any time is capital deficient, the Registrant shall immediately notify the Senior Accountant in writing of the capital deficiency, including the amount, and how it intends to rectify such deficiency.

4. The Registrant shall notify the Senior Accountant in writing at least 10 business days prior to the sale or transfer of its client lists and such notice shall identify the registered dealer(s) receiving the Registrant's client lists.
 - (a) the Bankruptcy and Insolvency Act;
 - (b) the Companies Creditors Arrangement Act;
 - (c) the Winding Up and Restructuring Act; or
 - (d) if the Registrant becomes aware of any actions or proceedings which could result in the appointment of a liquidator, monitor, interim receiver, receiver or receiver manager for the assets or the business of the Registrant.
5. In the event that the Registrant intends to wind up its business, the Registrant shall immediately notify the Senior Accountant in writing, and include in the notification the details of its wind up plans including how the Registrant will deal with its client accounts.
6. In the event that the Registrant intends to wind up its business, the Registrant shall immediately provide a written notice to its clients and customers that it intends to wind up its business and such notice shall include:
 - (a) the procedures that the Registrant will take to transfer the accounts of its clients and customers to another registered dealer and the name of the dealer;
 - (b) the date that the Registrant intends to wind up its business;
 - (c) the date on which the Registrant's clients and customers need to provide their consent to the transfer of their accounts; and
 - (d) the name and phone number of a contact person at the Registrant who will be available to assist clients and customers with the transfers of their accounts; and the Registrant shall immediately forward a copy of such notice to the Senior Accountant.
7. The Registrant shall notify the Senior Accountant in writing at least 10 business days prior to the Registrant commencing any proceedings under:
 - (a) the Companies Creditors Arrangement Act; or
 - (b) the Winding Up and Restructuring Act.
- 7A. The Registrant shall immediately notify the Senior Accountant upon the earlier of:
 - (a) the Registrant's committing any "act of bankruptcy" as set out in subsection 42(1) of the *Bankruptcy and Insolvency Act*; and
 - (b) any communication by the Registrant with a trustee in bankruptcy, accountant or other similar professional or advisor regarding the Registrant's options for making an assignment or proposal under the *Bankruptcy and Insolvency Act*, or other alternatives for restructuring the business of the Registrant or dealing with claims of creditors or customers.
8. The Registrant shall immediately notify the Senior Accountant if the Registrant becomes aware of the commencement of proceedings against the Registrant under:

IT IS FURTHER ORDERED that the foregoing terms and conditions imposed on the registration of Arlington and its registered officer, Milne, do not abrogate, or relieve the Registrant from compliance with, any or all other terms, conditions and requirements contained in Ontario securities law which are applicable to the Registrant.

IT IS FURTHER ORDERED that pursuant to section 21 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended, this hearing is adjourned to November 12, 2001.

October 24, 2001.

2.3 Rulings

2.3.1 Enerplus Resources Fund - ss. 74(1)

Headnote

Subsection 74(1) - issuance of put option in connection with private placement of flow-through shares and common shares, and trade in flow-through shares and common shares pursuant to the exercise of the put option, exempt from sections 25 and 53 of Act - subject to certain conditions.

Statutes Cited

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

Rules Cited

Rule 45-501 - Exempt Distributions.

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

AND

**IN THE MATTER OF
ENERPLUS RESOURCES FUND**

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

UPON the Application (the "Application") of Enerplus Resources Fund (the "Applicant") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that the trade of the Put Option (as defined below) and the trades in Shares (as defined below) pursuant to the exercise of the Put Option shall not be subject to section 25 or 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 an unincorporated, open-ended energy investment trust created under the laws of Alberta pursuant to a declaration of trust and is a reporting issuer in all relevant Canadian jurisdictions.
2. The Applicant's trust units (the "Trust Units") are listed on The Toronto Stock Exchange and the Applicant has a current market capitalization of approximately \$1.7 billion.
3. EnerMark Inc. ("EnerMark") is a corporation amalgamated under the laws of Alberta, is not a reporting issuer in any jurisdiction in Canada and is a wholly-owned subsidiary of the Applicant.

4. EBB Energy Inc. ("EBB") is a corporation which was incorporated under the *Business Corporations Act* (Alberta) on September 15, 2000 and is at arm's length to EnerMark and the Applicant.
5. EBB has entered into a joint venture agreement (the "Joint Venture Agreement") with EnerMark pursuant to which it will acquire an interest, or an option to acquire an interest, in oil and gas properties owned by EnerMark by financing exploration programs and incurring Canadian exploration expense ("CEE") and Canadian development expense ("CDE").
6. EBB is proposing to distribute units (the "Offering") in Ontario, with each unit (the "Units") consisting of 900 flow-through common shares (the "Flow-Through Shares") and 100 common shares (the "Common Shares").
7. Each Unit will be issued at a price of \$1,000, with an allocation of \$900 to the Flow-Through Shares and \$100 to the Common Shares, and will be issued in reliance on the prospectus exemption (the "Exemption") in section 2.4 of the Commission's Rule 45-501 - Exempt Distributions (the "Rule") or section 2.13 of the revised Rule.
8. As required by the Exemption, EBB will provide each prospective purchaser with an offering memorandum that includes the information required by the Exemption.
9. The Units will be distributed by Omni Capital Inc. (the "Agent") pursuant to an agency agreement entered into by the Agent and EBB.
10. The Agent is registered as an investment dealer under Ontario securities law and is controlled by Michael Weinberg, who is a director of EBB and currently its principal shareholder; accordingly, EBB may be deemed a "related issuer" or "connected issuer" of the Agent under the Act.
11. EBB will use the net proceeds from the Offering (whose maximum size it is anticipated will be approximately \$1,500,000) to incur CEE and CDE, will use its best efforts to spend, on or before December 31, 2002, the proceeds from the sale of the Flow-Through Shares for the purpose of incurring CEE and CDE eligible for a 100% deduction under the *Income Tax Act* (Canada) and will renounce such CEE and CDE in favour of the subscribers of Flow-Through Shares.
12. It is proposed that EBB, on its behalf and on behalf of the subscribers of Units, the Applicant and EnerMark enter into a put option agreement (the "Option Agreement") prior to the closing of the Offering, pursuant to which the subscribers shall have the option to sell (the "Put Option") to EnerMark, which shall have the obligation to purchase, all, but not less than all, of the Flow-Through Shares and Common Shares (collectively, the "Shares") which they hold in the capital of EBB on the agreed date and subject to the following terms:

- (a) During 2004, the subscribers shall have the option to sell to EnerMark their Shares at a price equal to the fair market value of the Shares (discounted at 15% on after-tax basis) on March 1, 2004 (the "Purchase Price"). The fair market value of the Shares shall be determined in accordance with the criteria set out in the Option Agreement by an independent valuator (the "Valuator"), chosen jointly by EBB and EnerMark.
- (b) On or before March 31, 2004, EnerMark will forward to each subscriber a notice (the "EnerMark Notice") setting out the Purchase Price, to which will be attached a copy of the report of the Valuator, in which the fair market value of the Shares shall be set out. In addition, if EnerMark intends to pay the Purchase Price by causing the issuance of Trust Units (as described in paragraph (f) below), EnerMark shall forward to each subscriber the latest annual financial statements of the Applicant, the most recent interim financial statements of the Applicant, if applicable, as well as a copy of its most recent annual information form.
- (c) Unless EnerMark receives from a subscriber, on or before the date (the "Opt Out Date") which is 22 days from the date EnerMark provides the EnerMark Notice to EBB, a notice indicating that he does not intend to exercise the Put Option, the subscriber shall be deemed to have exercised the Put Option.
- (d) If, on or before the Opt Out Date, subscribers holding less than 75% of the Shares exercise the Put Option or are deemed to have exercised the Put Option, EnerMark shall not have the obligation to purchase the Shares and the subscribers will remain shareholders of EBB. EBB will continue to carry on its business in accordance with the Joint Venture Agreement.
- (e) If, on or before the Opt Out Date, subscribers holding 75% or more of the Shares exercise the Put Option or are deemed to have exercised the Put Option, the subscribers who did not exercise their Put Option shall have the obligation to sell their Shares to EnerMark.
- (f) The Purchase Price shall be paid by EnerMark, at its option, by payment of an amount in cash or by causing the issuance of Trust Units. If EnerMark decides to pay for the Shares by causing the issuance of Trust Units, the number of Trust Units to be issued shall be determined in the following manner:

Fair market value of the Shares as Determined by the Valuator 95% x the weighted average trading price of the Trust Units on The Toronto Stock Exchange during the 60 calendar days preceding March 15, 2004 with the fair market value discounted at 15% on an after-tax basis.

13. EBB is not, nor does it intend to become, a reporting issuer; there currently is no, nor is there anticipated or intended to be, a published market in respect of the Shares; and there will be no more than 50 holders of Shares at the time the Put Option is to be exercised.
14. The purpose of the Option Agreement and the issuance of the Put Option is to provide subscribers of the Shares with the possibility of an exit strategy, by providing that if the holders of Shares issued pursuant to the Offering exercise the Put Option in 2004, their Shares will be purchased by EnerMark for cash or in exchange for the Trust Units.
15. Pursuant to the terms of the Put Option, each of the subscribers for Shares has covenanted to EnerMark that it will not transfer or otherwise dispose of the Put Option other than in connection with a transfer or disposition, in accordance with applicable securities laws, of the Shares to which such Put Option applies.
16. The issuance of the Trust Units, if required, will be carried out pursuant to registration and prospectus exemptions contained in subclauses 35(1)12(iii) and 72(1)(f)(iii) of the Act.

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:

- (a) the trade of the Put Option is not subject to sections 25 or 53 of the Act, provided that the first trade in the Put Option shall be a distribution; and
- (b) the trades of Shares to EnerMark pursuant to the exercise of the Put Option shall not be subject to sections 25 or 53 of the Act, provided that the first trade by EnerMark in the Shares acquired pursuant to this ruling shall be a distribution unless such trade is made in compliance with subsection 72(5) of the Act and section 2.18(3) of Commission Rule 45-501 as if the Shares had been acquired pursuant to an exemption referred to in section 72(5) of the Act.

November 6, 2001.

"Paul M. Moore"

"Robert W. Korthals"

2.3.2 First Commercial Bank - ss. 74(1) and ss. 59(1)

Headnote

Local ruling issued in connection with application under the Mutual Reliance Review System for Exemptive Relief Applications - Prospectus and registration relief for Schedule III bank, subject to conditions - Relief similar to certain prospectus and registration relief available to financial intermediaries - Fee relief for trades made in reliance on ruling and MRRS decision, subject to conditions.

Applicable Statutory Provisions

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

Applicable Rules

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

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

Regulations Cited

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

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

AND

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

AND

**IN THE MATTER OF
FIRST COMMERCIAL BANK**

RULING

(Subsection 74(1)) of the Act and
Subsection 59(1) of Schedule I of the Regulation)

UPON the application (the "Application") of First Commercial Bank ("First Commercial") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to the Act that First Commercial is exempt from various registration, prospectus, fee and filing requirements of the Act and the Regulation in connection with the banking activities to be carried on by First Commercial in Ontario;

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

AND UPON First Commercial having represented to the Commission as follows:

1. First Commercial is a full-service commercial chartered bank under the laws of Taiwan with its head office in Taipei, Taiwan.
2. First Commercial is not, and has no current intention of becoming, a reporting issuer in any Province or Territory of Canada, nor are its securities listed on any stock exchange in Canada.
3. In June of 1999 amendments to the *Bank Act* (Canada) (the "Bank Act") were proclaimed that permit commercial banks to establish direct branches in Canada. These amendments have created a new Schedule III listing foreign banks permitted to carry on banking through branches in Canada.
4. First Commercial received an order dated October 10, 2001 under the Bank Act permitting it to establish a full service foreign bank branch in Canada and designating it on Schedule III thereto.
5. First Commercial will establish and commence business as a foreign bank branch under the Bank Act. The head office of First Commercial in Canada will be located in Vancouver, British Columbia.
6. The operation of First Commercial's foreign bank branch will be primarily comprised of foreign exchange and trade finance activities, but will also include corporate banking and mortgage lending services.
7. In connection with its foreign bank branch operations in Canada, First Commercial will only accept deposits from the following:
 - (a) Her Majesty in right of Canada or in right of a province or territory, an agent of Her Majesty in either of those rights and includes a municipal or public body empowered to perform a function of government in Canada, or an entity controlled by Her Majesty in either of those rights;
 - (b) the government of a foreign country or any political subdivision thereof, an agency of the government of a foreign or any political subdivision thereof, or an entity that is controlled by the government of a foreign country or any political subdivision thereof;
 - (c) an international agency of which Canada is a member, including an international agency that is a member of the World Bank Group, the Inter-American Development Bank, the Asian Development Bank, the Caribbean Development Bank and the European Bank for Reconstruction and Development and any other international regional bank;
 - (d) a financial institution (i.e.: (a) a bank or an authorized foreign bank under the Bank Act; (b) a body corporate to which the *Trust and Loan Companies Act* (Canada) applies; (c) an association to which the *Cooperative Credit Association Act* (Canada) applies; (d) an insurance company or a fraternal benefit society to which the *Insurance Companies Act* (Canada)

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

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

collectively referred to for purposes of this Application as "Authorized Purchasers".

- 8. Under the current legislation, banks chartered under Schedules I and II to the Bank Act have numerous exemptions from various aspects of the Act; however, no reference is made in the Act to entities listed on Schedule III to the Bank Act. Since First Commercial's foreign bank branch will not be chartered under Schedule I or II to the Bank Act, the existing exemptions relating to the registration, prospectus and filing requirements will not be available to First Commercial.
- 9. In order to ensure that First Commercial, as an entity listed on Schedule III to the Bank Act, is able to provide banking services to businesses in Ontario, it requires the same exemptions as other federally regulated banks to the extent that the current exemptions applicable to Schedule I and II banks are relevant to the business being undertaken by First Commercial in Ontario.

- 10. First Commercial will be performing certain foreign exchange and trade finance advisory services in connection with its principal banking business. The only advising activities which First Commercial will undertake will be incidental to its primary business and it will not advertise itself as an adviser or allow itself to be advertised as an adviser in Ontario.
- 11. First Commercial has made an application dated September 24, 2001 under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), in which the British Columbia Securities Commission is the principal regulator (the "Principal Regulator"), seeking a decision (the "Decision") under the securities legislation (the "Legislation") of each of the Provinces and Territories of Canada that First Commercial be exempt from certain requirements of the Legislation, in connection with the banking business to be carried on by First Commercial through the establishment of a branch designated on Schedule III to the *Bank Act* (Canada).
- 12. In connection with the application under the System, First Commercial has requested certain local Ontario relief which the Principal Regulator lacks the jurisdiction to issue.

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 and subsection 59(1) of Schedule I to the Regulation, that in connection with the banking business to be carried on by First Commercial in Ontario upon the establishment by First Commercial of a branch designated on Schedule III to the Bank Act:

- 1. Paragraph 25(1)(a) of the Act does not apply to a trade by First Commercial:
 - (a) of a type described in subsection 35(1) of the Act;
 - (b) in securities described in subsection 35(2) of the Act;
 - (c) in the security of a mutual fund, if the security is sold to a pension plan, deferred profit sharing plan, retirement savings plan or other similar capital accumulation plan maintained by the sponsor of the plan for its employees, and
 - (i) the employees deal only with the sponsor in respect of their participation in the plan and the purchase of the security by the plan, or
 - (ii) the decision to purchase the security is not made by or at the direction of the employee; or
 - (d) in a security of a mutual fund that
 - (i) is administered by a body corporate to which the *Trust and Loan Companies Act*

(Canada) applies or a trust, loan or insurance corporation incorporated by or under an Act of the legislature of a province or territory in Canada.

- (ii) consists of a pool of funds that,
 - (A) results from, and is limited to, the combination or commingling of funds of pension or other superannuation plans registered under the *Income Tax Act* (Canada), and
 - (B) is established by or related to persons or companies that are associates or affiliates of or that otherwise do not deal at arm's length with the promoters of the mutual fund, except the trust, loan or insurance corporation that administers the fund, and
- (iii) is managed, in whole or in part, by a person who is registered or who is exempt from registration under the Act;

2. Section 53 of the Act does not apply to a trade by First Commercial in:

- (a) a security of a mutual fund, if the security is sold to a pension plan, deferred profit sharing plan, retirement savings plan or other similar capital accumulation plan maintained by the sponsor of the plan for its employees, and
 - (i) the employees deal only with the sponsor in respect of their participation in the plan and the purchase of the security of the plan, or
 - (ii) the decision to purchase the security is not made by or at the direction of the employee, or
- (b) the security of the mutual fund that
 - (i) is administered by a body corporate to which the *Trust and Loan Companies Act* (Canada) applies or a trust, loan or insurance corporation incorporated by or under an Act of the Legislature of a province or territory in Canada,
 - (ii) consists of a pool of funds that,
 - (A) results from, and is limited to, the combination or commingling of funds of pension or other superannuation plans registered under the *Income Tax Act* (Canada), and
 - (B) is established by or related to persons or companies that are associates or affiliates of or that

otherwise do not deal at arm's length with the promoters of the mutual fund except the trust, loan or insurance corporation that administers the fund, and

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

3. Section 28 of Schedule I to the Regulation shall not apply to trades made by First Commercial in reliance on this ruling or the Decision, provided that:

- (a) the forms that would have been filed and the fees that would have been paid under the Act if the trade had been made, on an exempt basis, to an entity listed on Schedule I or II to the Bank Act purchasing as principal (referred to herein as a "Schedule I or II Bank Exempt Trade") are filed and paid in respect of the trade to First Commercial; and
- (b) the first trade in a security acquired by First Commercial pursuant to this order is deemed a distribution (or primary distribution to the public) under the Act unless:
 - (i) the issuer of the security is a reporting issuer, or the equivalent, under the Act and, if First Commercial is in a special relationship (where such term is defined in the Act) with such issuer, First Commercial has reasonable grounds to believe that such issuer is not in default of any requirements of the Act;
 - (ii) (a) the securities are listed and posted for trading on a stock exchange, that is recognized by the Commission for purposes of the resale of a security acquired in a Schedule I or II Bank Exempt Trade, and comply with the requirements set out in paragraph (a) or (b) of Appendix A to this application and have been held at least six months from the date of the initial exempt trade to First Commercial or the date the issuer became a reporting issuer under the Act, whichever is the later; or
- (b) the securities are bonds, debentures or other evidences of indebtedness issued or guaranteed by an issuer or are preferred shares of an issuer and comply with the requirements set out in paragraph (a) or (c) of Appendix A to this application, and have been held at least six months from the date of the initial exempt trade to First Commercial or the date the issuer became a reporting issuer under the Act, whichever is the later, or

- (c) the securities are listed and posted for trading on a stock exchange, that is recognized by the Commission for purposes of the resale of a security acquired in a Schedule I or II Bank Exempt Trade, or are bonds, debentures or other evidences of indebtedness issued or guaranteed by the reporting issuer, or the equivalent, under the Act, and have been held at least one year from the date of the initial exempt trade to First Commercial or the date the issuer became a reporting issuer under the Act, whichever is later, or
- (d) the securities have been held at least eighteen months from the date of the initial exempt trade to First Commercial or the date the issuer became a reporting issuer under the Act, whichever is later; and
- (iii) First Commercial files a report within 10 days of the trade prepared and executed in accordance with the requirements of the Act that would apply to a Schedule I or II Bank Exempt Trade, provided that no unusual effort is made to prepare the market or to create a demand for such securities and no extraordinary commission or consideration is paid in respect of such trade and provided First Commercial does not hold sufficient number of securities to materially affect the control of the issuer of such securities but any holding by First Commercial of more than 20 per cent of the outstanding voting securities of the issuer of such securities shall, in the absence of evidence to the contrary, be deemed to affect materially the control of such issuer.

November 9, 2001.

"Paul Moore"

"R. Stephen Paddon"

APPENDIX A

Securities that are:

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

2.3.3 Carpet One Canada Inc.

Headnote

Subsection 74(1) - Exemption from sections 25 and 53 of the Act for trades in preferred shares to franchisees of the issuer, subject to conditions - Greater than 50 franchisees - Preferred shares to be issued in connection with special rebate program of the issuer - Franchisees knowledgeable about the issuer - First trade in preferred shares, other than to the issuer or other franchisees is deemed a distribution to the public.

Statutes Cited

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

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

AND

**IN THE MATTER OF
CARPET ONE CANADA INC.**

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

UPON the application (the "Application") of Carpet One Canada Inc. (the "Corporation") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that certain trades in Preferred Shares (as defined below) of the Corporation are not subject to sections 25 and 53 of the Act;

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

AND UPON the Corporation having represented to the Commission that:

1. The Corporation is a corporation incorporated under the laws of the Province of Ontario on November 28, 1995.
2. The authorized capital of the Corporation consists of an unlimited number of Class A shares, Class B shares, Class C shares and common shares (collectively, the "Existing Shares"), of which there is currently 1 common share issued and outstanding, the holder of which is Carpet Co-Op of America Association ("CCOAA").
3. The Existing Shares are all subject to restrictions on transfer contained in the articles of the Corporation.
4. The Corporation is not a reporting issuer in any jurisdiction, and has no intention of becoming a reporting issuer in any jurisdiction.
5. None of the Existing Shares of the Corporation are listed or posted for trading on any stock exchange. The Preferred Shares (as defined below) will not be listed or posted for trading on any stock exchange.
6. The Corporation carries on the business of operating a franchise arrangement of carpet dealers (the "Franchisees") across Canada. Each Franchisee has entered into a franchise agreement (the "Franchise Agreement") with the Corporation which governs the terms and conditions in respect of the operation of such Franchisee's Carpet One Canada franchise operation. The current number of Franchisees is 92.
7. Pursuant to the terms of the Franchise Agreement, the Corporation, as franchiser, has agreed to pay each of the Franchisees an amount of monies (a "Regular Rebate") equal to all advertising rebates, manufacturing rebates and any other monies generated by such Franchisee as a result of such Franchisee's purchasing of all types of floor coverings, calculated on the basis set out in the Franchise Agreement.
8. In addition to the Regular Rebates paid to each Franchisee pursuant to the Franchise Agreement, the Corporation has proposed to pay a special rebate (the "Special Rebate") to the Franchisees in an amount as declared by the Corporation from time to time. Each Franchisee shall be entitled to receive its "proportionate share" of the total Special Rebate declared by the Corporation from time to time. Each Franchisee's "proportionate share" of the Special Rebate will be a fraction, the numerator of which will be the amount of the Rebates paid to the Franchisee in the applicable fiscal year of the Corporation, and the denominator of which will be the amount of total Rebates paid to all eligible Franchisees in such fiscal year.
9. The Corporation shall calculate the amount of any Special Rebate in dollar terms. However, prior to the declaration of a Special Rebate by the Corporation, each Franchisee eligible to receive a "proportionate share" of the Special Rebate must agree to have its "proportionate share" of the Special Rebate applied to the purchase of a new class of shares of the Corporation (the "Preferred Shares") by providing a written direction to that effect (the "Direction") to the Corporation. The subscription and issue price of each Preferred Share so issued to Franchisees shall be \$1.00 per share.
10. The Preferred Shares shall not pay dividends and shall not entitle the holders thereof to vote (other than as may be required by law). The Preferred Shares (a) at the Corporation's option, may be redeemed in whole or in part upon payment by the Corporation to the holder of the sum of \$1.00 per Preferred Share held, and (b) shall be redeemed automatically upon termination of the holder's Franchise Agreement, upon payment by the Corporation to the holder of the sum of \$1.00 per Preferred Share held which shall be payable in five equal instalments, the first such instalment payable on the date which is the later of (i) three years after the date upon which the first Preferred Shares were redeemed by the Corporation and (ii) the first anniversary of the date of termination of the Franchise Agreement. Preferred Shares are not redeemable at the option of the holder.

11. Subject to receipt of this Ruling, the Corporation will amend its articles (a) to create the class of Preferred Shares, (b) to impose restrictions on the transfer of Preferred Shares identical to those described in paragraph 12 to be contained in each Franchise Agreement, and (c) to delete certain of its private company restrictions which limit its shareholders to not more than 50 (but not the restrictions on the transfer of the Existing Shares), as it is proposed that the Corporation will have more than 50 shareholders. Accordingly, the Corporation will not be a "private company" within the meaning of the Act or a "private issuer" within the meaning of Ontario Securities Commission Rule 45-501.
 12. Subject to receipt of this Ruling, each of the Franchise Agreements will be amended to provide a restriction on the transfer of the Preferred Shares which shall provide that no Franchisee shall make a gift of all or any portion of the Preferred Shares owned by it, nor shall the Franchisee sell, transfer, hypothecate or otherwise dispose of all or any portion of the Preferred Shares held by him without the prior written consent of the Corporation, which consent may be arbitrarily withheld.
 13. Each certificate representing the Preferred Shares shall bear a legend stating that the shares represented by such certificate and the right to transfer said shares are subject to restrictions on transfer contained in the Franchise Agreement and the articles of incorporation and amendment of the Corporation.
 14. The issuance of the Preferred Shares will be made only to Franchisees who have executed the Direction and a subscription agreement pursuant to which the Franchisee agrees to abide by and be bound by the articles of incorporation and amendment of the Corporation, its by-laws and its policies.
 15. Franchisees are currently provided with the audited annual consolidated financial statements of CCOAA. As well, CCOAA holds two shareholder meetings annually, at which time all shareholders of CCOAA (which includes the Franchisees) are provided with a review of the operating results of both CCOAA and the Corporation, and are provided with the opportunity to ask questions of management of CCOAA and the Corporation.
 16. The Corporation will deliver to its shareholders (including the holders of Preferred Shares) on a continuous basis, consolidated annual audited comparative financial statements of CCOAA, as if the Corporation were subject to the provisions of Sections 78 and 79 of the Act.
- A. prior to the initial trade of Preferred Shares to each Franchisee as permitted by this Ruling, the Corporation shall deliver to the Franchisee a copy of:
- (i) the articles and by-laws of the Corporation, and all amendments thereto;
 - (ii) the most recent annual audited consolidated financial statements of Carpet Co-Op of America Association, the parent of the Corporation;
 - (iii) this Ruling; and
 - (iv) a statement to the effect that as a consequence of this Ruling, certain protections, rights and remedies provided by the Act, including statutory rights of rescission or damages, will not be available to purchasers of Preferred Shares and that certain restrictions are imposed on the subsequent disposition of the Preferred Shares;
- B. at the time of the specific trade, the articles of the Corporation and each Franchise Agreement contain the provisions described in paragraph 12 above;
- C. all share certificates representing the Preferred Shares bear a legend stating that the right to transfer the Preferred Shares is subject to restrictions contained in the Franchise Agreements and in the articles of the Corporation;
- D. the exemptions contained in this Ruling cease to be effective if any one of the provisions of the articles or by-laws of the Corporation or of the Franchise Agreement relevant to the exemptions granted herein are amended in any material respect without written notice to, and consent of, a Director of the Commission; and
- E. the first trade in Preferred Shares to a person or entity other than a Franchisee or the Corporation shall be deemed a distribution to the public.

November 9, 2001.

"Paul M. Moore"

"R. Stephen Paddon"

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 proposed distribution of Preferred Shares by the Corporation to Franchisees from time to time, and the subsequent trades in such shares by Franchisees or the Corporation, are not subject to section 25 or 53 of the Act, provided that:

Chapter 3

Reasons: Decisions, Orders and Rulings

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IN THIS ISSUE

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Chapter 4

Cease Trading Orders

4.1.1 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	-	18 Oct 01
Aquarius Coatings Inc.	23 Aug 01	05 Sep 01	06 Sep 01	9 Oct 01	-
Primenet Communications Inc.	29 Aug 01	11 Sep 01	11 Sep 01	-	-
Unirom Technologies Inc.	30 Aug 01	12 Sep 01	12 Sep 01	-	-
Zaurak Capital Corporation	30 Aug 01	12 Sep 01	12 Sep 01	28 Sep 01	-
Galaxy Online Inc.	14 Sep 01	27 Sep 01	-	27 Sep 01	27 Sep 01
Consumers Packaging Inc.	19 Sep 01	25 Sep 01	25 Sep 01	31 Oct 01	-
Diadem Resources Ltd.	23 Oct 01	5 Nov 01	5 Nov 01	-	-

4.1.2 Lapsed Cease Trading Orders

Company Name	Date of Lapse/Expire
Aludra Inc.	13 Nov 01

Chapter 5

Rules and Policies

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Chapter 6
Request for Comments

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds issuers 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>
19Oct01	AADCO industries.com inc. - Units	2,500,000	2,500,000
19Oct01	Acuity Pooled High Income Fund - Units	150,000	10,979
26Sep01 to 30Oct01	AIC American Focused Fund - Units	333,226	54,733
26Sep01 to 30Oct01	AIC Diversified Canada Fund - Units	283,407	56,203
26Sep01 to 26Oct01	AIC Global Science & Technology Fund - Units	70,808	14,128
26Sep01 to 30Oct01	AIC World Equity fund - Class O Units	82,922	16,419
19Oct01	Arrow Goodwood Fund - Class "A" Trust Units	300,000	28,790
23Oct01	Borealis Financial Technology Limited Partnership - Limited Partnership Units	841,482	840
12Oct01	BPI American Opportunities Fund - Units	150,000	1,239
22Oct01	Burgundy Japan Fund -	150,000	9,359
22Oct01	Burgundy Japan Fund -	945,480	58,994
22Oct01	Burgundy Japan Fund -	199,380	12,440
22Oct01	Burgundy Smaller Companies Fund USD -	2,048,540	103,603
22oct01	Burgundy Smaller Companies Fund -	1,000,000	50,574
22Oct01	Burgundy Smaller Companies Fund -	500,000	25,287
22Oct01	Burgundy Smaller Companies Fund USD -	299,070	15,125
26Oct01	Capital International Emerging Markets Fund - Class CI (USD) Shares	6,100,749	171,827
26Oct01	Capital International Emerging Markets Fund - Class CI (USD) Shares	2,512,444	70,763
26Oct01	Capital International Emerging Markets Fund - Class CI (USD) Shares	50,406,400	1,429,209
24Oct01	CC&L Money Market Fund -	483,123	48,312
24Oct01	CC&L Money Market Fund -	655,661	65,566
22Oct01	CC&L Private Client Diversified Fund -	14,200	1,586
19Oct01	CC&L Private Client Diversified Fund -	5,000	562
26Oct01	CC&L Private Client Canadian Equity Fund -	67,377	7,358
29Oct01	Commonfund Institutional Fund - Units	26,831,871	2,648,753
09Oct01	Community Health Systems, Inc. - Common Stock	87,530,766	714,100
01Jul01 to 30Sep01	Connor Clark Private Trust - Units	US\$594,012	594,012
09Oct01	CSX Corporation - Zero Coupon Convertible Debentures due October 30, 2021	156,977	156,977
02Nov01	Energy Conversion Technologies Inc. - Special Warrants	363,000	726,000

Notice of Exempt Financings

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
26Oct01 & 31Oct01	ExplorFund 2001 Ltd. - Units	1,600,000	1,600
02Oct01	Gladiator Limited Partnership - Limited Partnership Units	1,000,605	1,294
26Oct01	Global Health Care Opportunity - Class C Shares	315,040	315,040
01Nov01 to 31Oct01	Goldman Sachs Mutual Funds -	139,984	9,025
26Oct01	Great Northern Exploration Ltd. - Class A Common Shares	250,000	250,000
22Oct01	Hydrogenics Corporation - Common Shares	US\$731,440	164,000
18Oct01	Ice Energy Limited - Common Shares	600,000	600,000
21Sep01	Iceberg Media.com Inc. - Units	1,700,000	1,700,000
11Oct01	Ivanhoe Mines Limited - Special Warrants	1,500,000	1,500,000
23Oct01	Kassier Market Neutral Limited Partnership - Limited Partnership Units	150,000	15
25Oct01	KBSH Private - Balanced Fund - Units	150,000	14,537
22Oct01	KBSH Private - US Equity -Units	150,000	8,938
01Nov01	MCAN Performance Strategies - Limited Partnership Units	US\$6,000,000	60,000
29Oct01	Metallica Resources Inc. - Common Shares	US\$1,000,000	918,563
31Oct01	NB Capital Mezzanine Fund II, L.P. - Class A Limited Partnership Interests	30,000,000	30,000,000
31Oct01	NB Capital Equity Fund, L.P., NB Affiliate 2000 Fund, L.P., NB Affiliate 2000-B Fund, L.P., NB Affiliate 2001 Equity Fund, L.P., NB Capital Mezzanine Fund II, L.P., NB Affiliate 2001 Mezzanine Fund, L.P., NB Capital Venture Fund, L.P., NB Affiliate 2001 Venture Fund, L.P. - Class B Units, Series 1 Class B Units, Series 2 Class B Units	895,527	900, 400, 500 Resp.
31Oct01	NB Capital Venture Fund, L.P. - Class A Limited Partnership Interests	50,000,000	50,000,000
31Oct01	NB Capital Equity Fund, L.P., NB Affiliate 2000 Fund, L.P., NB Affiliate 2000-B Fund, L.P., NB Affiliate 2001 Equity Fund, L.P., NB Capital Mezzanine Fund II, L.P., NB Affiliate 2001 Mezzanine Fund, L.P., NB Capital Venture Fund, L.P., NB Affiliate 2001 Venture Fund, L.P. - Class B Units, Series 1 Class B Units, Series 2 Class B Units	876,415	700, 200, 150 Resp.
31Oct01	NB Capital Equity Fund, L.P., NB Affiliate 2000 Fund, L.P., NB Affiliate 2000-B Fund, L.P., NB Affiliate 2001 Equity Fund, L.P., NB Capital Mezzanine Fund II, L.P., NB Affiliate 2001 Mezzanine Fund, L.P., NB Capital Venture Fund, L.P., NB Affiliate 2001 Venture Fund, L.P. - Class B Units, Series 1 Class B Units, Series 2 Class B Units	895,527	900, 400, 500 Resp.
31Oct01	NB Capital Equity Fund, L.P., NB Affiliate 2000 Fund, L.P., NB Affiliate 2000-B Fund, L.P., NB Affiliate 2001 Equity Fund, L.P., NB Capital Mezzanine Fund II, L.P., NB Affiliate 2001 Mezzanine Fund, L.P., NB Capital Venture Fund, L.P., NB Affiliate 2001 Venture Fund, L.P. - Class B Units, Series 1 Class B Units, Series 2 Class B Units	5,412,551	5,928, 2,800, 3,500 Resp.
29Oct01	Pacific North West Capital Corp. - Property Acquisition	45,000	75,000
26Oct01	Roy G. Niederhoffer (Ireland) No. 2 Fund - Series C Class II shares	US\$10,000,000	8,031
30Oct01	SHAAE (2001) Master Limited Partnership - Limited Partnership Units	1,652,400	102
25Oct01	Silent Witness Enterprises Ltd. - Special Warrants Units	15,000,023	465,117
01Nov01	Silvercreek Limited Partnership - Units	3,244,886	44
28Sep01	The Royal Trust Company - Units	US\$365,000	3,646
26Oct01	The Trust Company of Bank of Montreal as Trustee for Canadian Credit Card Trust	50,000,000	50,000,000
12Oct01	Trident Global Opportunities Fund - Units	503,806	4,711
10Oct01	TXU Corp. - Equity Units	787,950	10,000
22Oct01	Viking Energy Royal Trust - Trust Units	1,829,000	310,000
31Oct01	Viking Energy Royal Trust - Trust Units	1,800,000	300,000
30Aug01	Warnex Inc. - Units	500,000	500,000
26Oct01	Wireless Matrix Corporation - Special Warrants	8,350,000	4,175,000
29Oct01	XDL Interinvest Limited Partnership - Limited Partnership Interest	470,000	13,000

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

<u>Name of Company</u>	<u>Date the Company Ceased to be a Private Company</u>
724 Solutions Inc.	27Jan00

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

<u>Seller</u>	<u>Security</u>	<u>Amount</u>
Buhler, John	Bhuler Industries Inc. - Common Shares	128,300
Melnick, Larry	Champion Natural Health.com Inc. - Subordinate Voting Shares	29,900
Kruzick, John H.	DRC Resources Corporation - Common Shares	600,000
Gaasenbeek, Tom	e-Manufacturing Networks Inc. - Common Shares	1,000,000
SLMsoft com Inc.	Infocorp Computer Solutions Ltd. - Common Shares	6,811,052
Gastle, William J.	Microbix Biosystems Inc. - Common Shares	495,000
Malion, Andrew J.	Spectra Inc. - Common Shares	235,000
Faye, Michael R.	Spectra Inc. - Common Shares	71,500
Hawkins, Stanley G.	Tandem Resources Ltd. - Common Shares	2,000,000
DKRT Family Corp.	Thomson Corporation, The - Common Shares	250,000

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Chapter 9

Legislation

9.1 Legislation

9.1.1 Amending Reg. 1015 of Revised Regulations of Ontario

**ONTARIO REGULATION
MADE UNDER THE
SECURITIES ACT**

**AMENDING REG. 1015 OF R.R.O. 1990
(GENERAL)**

Note: Since the end of 2000, Regulation 1015 has been amended by Ontario Regulations 67/01, 91/01, 126/01 and 273/01. Previous amendments are listed in the Table of Regulations published in *The Ontario Gazette* dated January 20, 2001.

1. Section 149 of Regulation 1015 of the Revised Regulations of Ontario, 1990 is revoked.

2. The definition of "COATS security" in section 152 of the Regulation is amended by striking out "or" at the end of clause (d) and adding the following clause:

- (d.1) a security of a closely-held issuer as defined in section 1.1 of Ontario Securities Commission Rule 45-501 *Exempt Distributions*, or

3. Clause 154 (1) (c) of the Regulation is revoked and the following substituted:

- (c) a trade made in reliance on an exemption set out in section 2.3 of Ontario Securities Commission Rule 45-501 *Exempt Distributions*.

4. Clause (i) of the definition of "designated institution" in subsection 204 (1) of the Regulation is revoked and the following substituted:

- (i) a company or person, other than an individual, that is an accredited investor as defined in section 1.1 of Ontario Securities Commission Rule 45-501 *Exempt Distributions*,

5. Section 45 of Schedule 1 to the Regulation is revoked.

6. Form 11 of the Regulation is revoked.

7. This Regulation comes into force on the day the rule made by the Ontario Securities Commission on September 12, 2001 entitled "Ontario Securities Commission Rule 45-501 *Exempt Distributions*" comes into force.

Ontario Securities Commission:

"Howard I. Wetston"
Vice Chair

"R. Stephen Paddon"
Commissioner

September 12, 2001.

Note: The rule made by the Ontario Securities Commission on September 12, 2001 entitled "Ontario Securities Commission Rule 45-501 *Exempt Distributions*" comes into force on November 30, 2001.

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

5Banc Split Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated November 9th, 2001
Mutual Reliance Review System Receipt dated November 13th, 2001

Offering Price and Description:

\$ * - Preferred Shares
\$* - Capital Shares
@ \$25.00 per Preferred Shares and \$ * per Capital Shares

Underwriter(s) or Distributor(s):

TD Securities Inc.
Scotia Capital Inc.

Promoter(s):

TD Securities Inc.
Project #400433

Issuer Name:

Azure Dynamics Corporation
Principal Regulator - British Columbia

Type and Date:

Preliminary Long Form Prospectus dated November 9, 2001
Mutual Reliance Review System Receipt dated November 13, 2001

Offering Price and Description:

8,000,000 Common Shares Issuable Upon The Exercise of
8,000,000 Special Warrants

Underwriter(s) or Distributor(s):

-

Promoter(s):

D. Campbell Deacon
Project #401032

Issuer Name:

BC GAS INC.
Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Shelf Prospectus dated November 9th, 2001
Mutual Reliance Review System Receipt dated November 9th, 2001

Offering Price and Description:

\$1,000,000,000 - Debentures (Unsecured) Subordinated Debt
Securities (Unsecured)

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #400432

Issuer Name:

BC GAS UTILITY LTD.
Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Shelf Prospectus dated November 9th, 2001
Mutual Reliance Review System Receipt dated November 13th, 2001

Offering Price and Description:

\$500,000,000 - Medium Term Note Debentures (Unsecured)

Underwriter(s) or Distributor(s):

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

Promoter(s):

-

Project #400448

Issuer Name:

BCE EMERGIS INC.
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated November 8th, 2001
Mutual Reliance Review System Receipt dated November 8th, 2001

Offering Price and Description:

\$250,750,000 - 6,470,968 Common Shares @ \$38.75 per
Common Shares

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
TD Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
Raymond James Ltd.
Yorkton Securities Inc.
Thomas Kernaghan & Co. Limited

Promoter(s):

-

Project #400036

Issuer Name:

Cartier Multimangement Portfolio
Principal Regulator - Quebec

Type and Date:

Preliminary Simplified Prospectus dated November 7th, 2001
Mutual Reliance Review System Receipt dated November 8th, 2001

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

Cartier Partners Securities Inc.

Promoter(s):

Project #400018

Issuer Name:

Clarington U.S. Large Cap Value Class
Clarington Canadian Growth Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated November 12th, 2001
Mutual Reliance Review System Receipt dated November 13th, 2001

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

ClaringtonFunds Inc.

Promoter(s):

ClaringtonFunds Inc

Project #400572

Issuer Name:

COM DEV International Ltd.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated November 8th, 2001
Mutual Reliance Review System Receipt dated November 8th, 2001

Offering Price and Description:

\$17,500,000 - 6.75% Convertible Unsecured Debentures due
December 31st, 2006

Underwriter(s) or Distributor(s):

National Bank Financial Inc.

TD Securities Inc.

Promoter(s):

Project #399956

Issuer Name:

DiagnoCure Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Prospectus dated November 12th, 2001
Mutual Reliance Review System Receipt dated November 13th, 2001

Offering Price and Description:

\$ * - * Common Shares @ \$ * per Common Shares

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Desjardins Securities Inc.

Promoter(s):

Project #400865

Issuer Name:

Dynamic Fund of Canada
Dynamic Dividend Growth Fund
Dynamic RSP Americas Fund
Dynamic RSP Europe Fund
Dynamic RSP Far East Fund
Dynamic RSP International Fund
Dynamic Power Canadian Growth Fund
Dynamic Power Balanced Fund
Dynamic RSP Power American Fund
Dynamic Focus + Canadian Fund
Dynamic Diversified Income Trust Fund
Dynamic Focus + Wealth Management Fund
Dynamic Dividend Fund
Dynamic Canadian Value Class
Dynamic U.S. Value Class
Dynamic European Value Class
Dynamic Far East Value Class
Dynamic International Value Class
Dynamic Power Canadian Growth Class
Dynamic Power U.S. Growth Class
Dynamic Power European Growth Class
Dynamic Power International Growth Class
Dynamic Focus Plus Canadian Class
Dynamic Focus Plus U.S. Class
Dynamic Global Financial Services Class
Dynamic Global Health Sciences Class
Dynamic Global Real Estate Class
Dynamic Global Technology Class
Dynamic Global Small Cap Class
Dynamic Money Market Class
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated November 5th, 2001
Mutual Reliance Review System Receipt dated November 13th, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Dynamic Mutual Funds Ltd.

Promoter(s):

Dynamic Mutual Funds Ltd.

Project #399710

Issuer Name:

Gammon Lake Resources Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Prospectus dated October 31st, 2001
Mutual Reliance Review System Receipt dated November 8th 2001

Offering Price and Description:

\$1,975,000 - 1,975,000 Units (Issuable upon the exercise of 1,975,000 previously issued Special Warrants)
(Each Unit consisting of one Common Share and one Common Shares Purchase Warrant)

Underwriter(s) or Distributor(s):

Northern Securities Inc.

Promoter(s):

Bradley H. Langille
Fred George
Project #399096

Issuer Name:

Great-West Lifeco Inc.
Principal Regulator - Manitoba

Type and Date:

Preliminary Short Form Prospectus dated November 8th, 2001
Mutual Reliance Review System Receipt dated November 8th, 2001

Offering Price and Description:

\$200,000,000 - 6.74% Debentures Due November 24th, 2031

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
Casgrain & Company Limited

Promoter(s):

Project #399973

Issuer Name:

IPC US Income Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated November 13th, 2001
Mutual Reliance Review System Receipt dated November 13th, 2001

Offering Price and Description:

Cdn. \$ *
(US\$ * - * Units. Price : Cdn. \$10.00 (US\$ *) per Unit)

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
HSBC Securities (Canada) Inc.

Promoter(s):

PRF Holdings Inc.
Project #400756

Issuer Name:

Kinross Gold Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated November 13th, 2001
Mutual Reliance Review System Receipt dated November 13th, 2001

Offering Price and Description:

4,000,000 - Common Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #400718

Issuer Name:

Mackenzie Money Market Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated November 12th, 2001
Mutual Reliance Review System Receipt dated November 13th, 2001

Offering Price and Description:

Series B Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

Mackenzie Financial Corporation
Project #400669

Issuer Name:

Medicure Inc.
Principal Regulator - Manitoba

Type and Date:

Preliminary Prospectus dated November 13th, 2001
Mutual Reliance Review System Receipt dated November 14th, 2001

Offering Price and Description:

Up to 10,000 Units

Underwriter(s) or Distributor(s):

Research Capital Corporation
Desjardins Securities Inc.

Promoter(s):

Albert D. Friesen
Project #401085

Issuer Name:

Microcell Telecommunications Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated November 12th, 2001
Mutual Reliance Review System Receipt dated November 13th, 2001

Offering Price and Description:

\$251,001,498 - Rights to Purchase 122,439,755 Class B Non-Voting Shares @ \$2.05 per Share

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #400586

Issuer Name:

National Bank High Yield Bond Fund
Principal Regulator - Quebec

Type and Date:

Preliminary Simplified Prospectus dated November 9th, 2001
Mutual Reliance Review System Receipt dated November 9th, 2001

Offering Price and Description:

Investor Series Units
Advisor Series Units

Underwriter(s) or Distributor(s):

National Bank Securities Inc.

Promoter(s):

National Bank Securities Inc.

Project #400208

Issuer Name:

Pembina Pipeline Income Fund
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated November 12th, 2001

Mutual Reliance Review System Receipt dated November 12th; 2001

Offering Price and Description:

\$75,000,000 - 7.50% Convertible Unsecured Subordinated
Debentures at a Price \$1000.00 per Debenture - \$75,000,000 -
7,500,000 Trust Units at a Price
of \$10.00 per Trust Unit

Underwriter(s) or Distributor(s):

Scotia Capital Inc.

TD Securities Inc.

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

RBC Dominion Securities Inc.

National Bank Financial Inc.

Canaccord Capital Corporation

FirstEnergy Capital Corp.

Promoter(s):

-
Project #400633

Issuer Name:

PGM VENTURES CORPORATION

Type and Date:

Preliminary Prospectus dated November 7th, 2001

Receipt dated November 8th, 2001

Offering Price and Description:

A maximum of * Common Shares , A maximum of * flow-
through Shares; 2,735,016 units (each unit consisting of one
common share and one-half of one common share purchase
warrant) issuable on the exercise of special warrants; and
806,268 flow-through units (each flow-through unit and
consisting of one flow-through share and one half of one
common share purchase warrant) issuable on the exercise of
flow-through special warrants.

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

-
Project #399789

Issuer Name:

PhotoChannel Networks Inc.
Principal Regulator - British Columbia

Type and Date:

Preliminary Prospectus dated November 13th, 2001
Mutual Reliance Review System Receipt dated November
13th, 2001

Offering Price and Description:

26,576,381 Common Shares & 24,890,381 Warrants issuable
upon exercise of 26,576,381 previously issued
Special Warrants

Underwriter(s) or Distributor(s):

-
Promoter(s):

-
Project #400839

Issuer Name:

Power Corporation of Canada
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated November 8th, 2001
Mutual Reliance Review System Receipt dated November 8th,
2001

Offering Price and Description:

\$200,000,000 - (8,000,000 Shares) 5.35% Non-Cumulative
First Preferred Shares, Series B

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.

Scotia Capital Inc.

CIBC World Markets Inc.

RBC Dominion Securities Inc.

TD Securities Inc.

National Bank Financial Inc.

Merrill Lynch Canada Inc.

Promoter(s):

-
Project #399917

Issuer Name:

Power Financial Corporation
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated November 13th,
2001

Mutual Reliance Review System Receipt dated November
13th, 2001

Offering Price and Description:

\$200,000,000 (8,000,000 Shares) 5.25% Non-Cumulative First
Preferred Shares, Series E

@ \$25.00 per Share to yield 5.25%

Underwriter(s) or Distributor(s):

Scotia Capital Inc.

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

RBC Dominion Securities Inc.

TD Securities Inc.

National Bank Financial Inc.

Merrill Lynch Canada Inc.

Promoter(s):

-
Project #400737

Issuer Name:

Sentry Select Focused Growth & Income Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated November 8th, 2001
Mutual Reliance Review System Receipt dated November 12th, 2001

Offering Price and Description:

Minimum \$ * (* Units)
Maximum: \$ * (* Units)
\$20.00 per Unit

Underwriter(s) or Distributor(s):

National Bank Financial Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
TD Securities Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Canaccord Capital Corporation
Dundee Securities Corporation
Yorkton Securities Inc.
Research Capital Corporation
Trilon Capital Corporation

Promoter(s):

Sentry Select Capital Corp.
Project #400101

Issuer Name:

Textron Financial Canada Funding Corp.
Principal Regulator - Nova Scotia

Type and Date:

Preliminary Prospectus - MJDS dated November 9th, 2001
Mutual Reliance Review System Receipt dated November 13th, 2001

Offering Price and Description:

US\$3,000,000,000 - Debt Securities of Textron Financial Corporation and US\$2,600,000,000 - Guaranteed Debt Securities of Textron Financial Canada Fund

Underwriter(s) or Distributor(s):

Promoter(s):

Project #400399

Issuer Name:

Textron Financial Corporation
Principal Regulator - Nova Scotia

Type and Date:

Preliminary Prospectus - MJDS dated November 9th, 2001
Mutual Reliance Review System Receipt dated November 13th, 2001

Offering Price and Description:

US\$3,000,000,000 - Debt Securities of Textron Financial Corporation and US\$2,600,000,000 - Guaranteed Debt Securities of Textron Financial Canada Funding Corp.

Underwriter(s) or Distributor(s):

Promoter(s):

Project #400420

Issuer Name:

Wireless Matrix Corporation
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated November 12th, 2001

Mutual Reliance Review System Receipt dated November 13th, 2001

Offering Price and Description:

\$16,000,000 - 8,000,000 Common Shares to be issued upon the exercise of 8,000,000 Special Warrants

Underwriter(s) or Distributor(s):

Loewen, Ondaatje, McCutcheon Limited
Griffiths McBurney & Partners

Promoter(s):

James T. Knight
Chris Schnarr
Project #400726

Issuer Name:

Brompton VIP Income Trust
Principal Regulator - Ontario

Type and Date:

Amended Preliminary Prospectus dated November 14th, 2001
Mutual Reliance Review System Receipt dated November 15th, 2001

Offering Price and Description:

Maximum \$ * - * Trust Units @ \$25.00 per Trust Unit
(Minimum Purchase : 100 Trust Units)

Underwriter(s) or Distributor(s):

Raymond James Ltd.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
Yorkton Securities Inc.
Brompton Securities Limited
Research Capital Corp.
Promoter(s):
Brompton VIP Management Limited
Project #399038

Issuer Name:

iUnits Government of Canada 5-Year Bond Fund
iUnits Government of Canada 10-Year Bond Fund
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated November 9th, 2001
Mutual Reliance Review System Receipt dated 13th day of November, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Barclays Global Investors Canada Limited
Promoter(s):

Project #392228

Issuer Name:

Shoppers Drug Mart Corporation
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated November 12th, 2001
Mutual Reliance Review System Receipt dated 12th day of
November, 2001

Offering Price and Description:

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:

Atlas Cold Storage Income Trust
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated November 14th, 2001
Mutual Reliance Review System Receipt dated 14th day of
November, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
Scotia Capital Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.

Promoter(s):

-
Project #399728

Issuer Name:

BC GAS INC.
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated November 9th, 2001
Mutual Reliance Review System Receipt dated 9th day of
November, 2001

Offering Price and Description:

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

Issuer Name:

PrimeWest Energy Trust
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated November 8th, 2001
Mutual Reliance Review System Receipt dated 8th day of
November, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Yorkton Securities Inc.

Promoter(s):

PrimeWest Energy Inc.
Project #398531

Issuer Name:

Viking Energy Royalty Trust
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated November 14th, 2001
Mutual Reliance Review System Receipt dated 14th day of
November, 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

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

Promoter(s):

-
Project #399170

Issuer Name:

GGOF Guardian International Equity Fund
GGOF Guardian Global Equity Fund
GGOF Guardian Dividend Growth Fund
(Mutual Fund Units)
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated November 9th, 2001
Mutual Reliance Review System Receipt dated 13th day of
November 2001

Offering Price and Description:

Underwriter(s) or Distributor(s):

Guardian Group of Funds Ltd.
Promoter(s):

-
Project #394011

Issuer Name:

HSBC Canadian Money Market Pooled Fund
HSBC Canadian Short-Term Bond Pooled Fund
HSBC Canadian Bond Pooled Fund
HSBC Foreign Bond Pooled Fund
HSBC International Bond Pooled Fund
HSBC Canadian Dividend Income Pooled Fund
HSBC Canadian Equity Pooled Fund
HSBC U.S. Equity Pooled Fund
HSBC International Equity Pooled Fund
HSBC Small Cap Growth Pooled Fund
HSBC Future Growth Pooled Fund

Principal Regulator - British Columbia

Type and Date:

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

Offering Price and Description:

-
Underwriter(s) or Distributor(s):

Promoter(s):

-
Project #389216

Issuer Name:

TD Canadian T-Bill Fund (Investor Series units)
TD Canadian Money Market Fund (Investor Series units and Institutional Series units)
TD Premium Money Market Fund (Investor Series units)
TD U.S. Money Market Fund (Investor Series units)
TD Short Term Monthly Income Fund (Investor Series units and Institutional Series units)
TD Short Term Bond Fund (Investor Series units)
TD Mortgage Fund (Investor Series units and Institutional Series units)
TD Canadian Bond Fund (Investor Series units and Institutional Series units)
TD Real Return Bond Fund (Investor Series units)
TD Global Government Bond Fund (Investor Series units)
TD Global RSP Bond Fund (Investor Series units and Institutional Series units)
TD High Yield Income Fund (Investor Series units)
TD Monthly Income Fund (Investor Series units)
TD Balanced Income Fund (Investor Series units and Institutional Series units)
TD Balanced Fund (Investor Series units)
TD Balanced Growth Fund (Investor Series units and Institutional Series units)
TD Global Asset Allocation Fund (Investor Series units)
TD Dividend Income Fund (Investor Series units and Institutional Series units)
TD Dividend Growth Fund (Investor Series units and Institutional Series units)
TD Canadian Blue Chip Equity Fund (Investor Series units and Institutional Series units)
TD Canadian Value Fund (Investor Series units and Institutional Series units)
TD Canadian Equity Fund (Investor Series units and Institutional Series units)
TD Canadian Stock Fund (Investor Series units)
TD Canadian Small-Cap Equity Fund (Investor Series units)
TD Special Equity Fund (Investor Series units)

TD North American Equity Fund (Investor Series units)
TD U.S. Blue Chip Equity Fund (Investor Series units and Institutional Series units)
TD U.S. Blue Chip Equity RSP Fund (Investor Series units, e-Series units and Institutional Series units)
TD AmeriGrowth RSP Fund (Investor Series units)
TD U.S. Equity Fund (Investor Series units)
TD U.S. Mid-Cap Growth Fund (Investor Series units and Institutional Series units)
TD U.S. Small-Cap Equity Fund (Investor Series units and Institutional Series units)
TD Global Select Fund (Investor Series units, e-Series units and Institutional Series units)
TD Global Select RSP Fund (Investor Series units, e-Series units and Institutional Series units)
TD GlobalGrowth RSP Fund (Investor Series units)
TD International Equity Fund (Investor Series units and Institutional Series units)
TD International Growth Fund (Investor Series units, e-Series units and Institutional Series units)
TD EuroGrowth RSP Fund (Investor Series units)
TD European Growth Fund (Investor Series units and e-Series units)
TD Japanese Growth Fund (Investor Series units and e-Series units)
TD AsiaGrowth RSP Fund (Investor Series units)
TD Asian Growth Fund (Investor Series units and e-Series units)
TD Emerging Markets Fund (Investor Series units, e-Series units and Institutional Series units)
TD Emerging Markets RSP Fund (Investor Series units and Institutional Series units)
TD Latin American Growth Fund (Investor Series units and e-Series units)
TD Resource Fund (Investor Series units, e-Series units and Institutional Series units)
TD Energy Fund (Investor Series units and e-Series units)
TD Precious Metals Fund (Investor Series units and e-Series units)
TD Entertainment & Communications Fund (Investor Series units, e-Series units and Institutional Series units)
TD Entertainment & Communications RSP Fund (Investor Series units and Institutional Series units)
TD Science & Technology Fund (Investor Series units, e-Series units and Institutional Series units)
TD Science & Technology RSP Fund (Investor Series units, e-Series units and Institutional Series units)
TD Health Sciences Fund (Investor Series units, e-Series units and Institutional Series units)
TD Health Sciences RSP Fund (Investor Series units and Institutional Series units)
TD Canadian Government Bond Index Fund (Investor Series units, e-Series units and Institutional Series units)
TD Canadian Bond Index Fund (Investor Series units, e-Series units and Institutional Series units)
TD Balanced Index Fund (Investor Series units and e-Series units)
TD Canadian Index Fund (Investor Series units, e-Series units and Institutional Series units)
TD Dow Jones Industrial Average Index Fund (Investor Series units, e-Series units and Institutional Series units)
TD U.S. Index Fund (Investor Series units, e-Series units and Institutional Series units)
TD U.S. RSP Index Fund (Investor Series units, e-Series units and Institutional Series units)

TD Nasdaq RSP Index Fund (Investor Series units, e-Series units and Institutional Series units)

TD International Index Fund (Investor Series units, e-Series units and Institutional Series units)

TD International RSP Index Fund (Investor Series units, e-Series units and Institutional Series units)

TD European Index Fund (Investor Series units, e-Series units and Institutional Series units)

TD Japanese Index Fund (Investor Series units, e-Series units and Institutional Series units)

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form dated October 19th, 2001

Mutual Reliance Review System Receipt dated 9th day of November, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

TD Asset Management Inc.

Promoter(s):

-

Project #383561

Issuer Name:

TD Canadian Bond Fund

TD Canadian Money Market Fund

TD Emerging Markets Fund

TD Global Biotechnology RSP Fund

TD Global Biotechnology Fund

TD Global Wireless & Telecom RSP Fund

TD Global Wireless & Telecom Fund

TD Global e-Business RSP Fund

TD Global e-Business Fund

TD Emerging Markets RSP Fund

TD Entertainment & Communications RSP Fund

TD Health Sciences RSP Fund

TD Science & Technology RSP Fund

TD U.S. Blue Chip Equity RSP Fund

TD Global Select RSP Fund

TD Entertainment & Communications Fund

TD Canadian Value Fund

TD U.S. Blue Chip Equity Fund

TD Science & Technology Fund

TD Real Return Bond Fund

TD U.S. Mid-Cap Growth Fund

TD International Growth Fund

TD Health Sciences Fund

TD Global Select Fund

TD Dividend Growth Fund

TD Canadian Equity Fund

TD Balanced Growth Fund

(Advisor and F-Series Units of the above)

TD U.S. Index Fund

TD Canadian Index Fund

TD Nasdaq RSP Index Fund

TD Japanese Index Fund

TD European Index Fund

TD Dow Jones Industrial Average Index Fund

TD U.S. RSP Index Fund

TD International RSP Index Fund

TD International Index Fund

TD Canadian Bond Index Fund

TD Canadian Government Bond Index Fund

(F-Series Units of the above)

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form dated November 2nd, 2001

Mutual Reliance Review System Receipt dated 13th day of November, 2001

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

TD Asset Management Inc.

Promoter(s):

-

Project #390460

Chapter 12

Registrations

12.1.1 Securities

Type	Company	Category of Registration	Effective Date
New Registration	iPerformance Fund Corp. Attention: Toreigh Nairn Stuart 95 Wellington Street West Suite 904 Toronto ON M5J 2N7	Investment Counsel & Portfolio Manager	Nov 08/01
New Registration	Capital Partners Corporation Attention: Steven Charles Small 1235 Bay Street Suite 300 Toronto ON M5R 3K4	Limited Market Dealer (Conditional)	Nov 12/01
Denial of Registration	Arlington Securities Inc. Attention: Brian Milne 875 Eglinton Avenue East Suite 208A Toronto ON M6C 3Z9	Securities Dealer	Nov 12/01

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Chapter 13

SRO Notices and Disciplinary Proceedings

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IN THIS ISSUE

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Chapter 25

Other Information

25.1.1 Securities

TRANSFER WITHIN ESCROW

<u>COMPANY NAME</u>	<u>DATE</u>	<u>FROM</u>	<u>TO</u>	<u>NO. AND TYPE OF SHARES</u>
DXStorm.Com	November 6, 2001	Gregory Lowes DXStorm.Com	Zoran Popovic Desi Enterprises	733,333 Common Shares

25.1.2 Asquith Resources Inc. - Consent (OBCA)

Headnote

Consent given to OBCA corporation to continue under the CBCA.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B16, as am., s.181.

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

Regulations Cited

Regulation made under the Business Corporation Act, R.R.O., Reg. 62, as am by Reg. 290/00, s. 4(b)

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

IN THE MATTER OF
THE REGULATION MADE UNDER THE BUSINESS
CORPORATIONS ACT, R.S.O. 1990, c.B.16, (THE
"OBCA")
AND O. REG. 289/00 (THE "REGULATION")

AND

IN THE MATTER OF
ASQUITH RESOURCES INC.

CONSENT

(Subsection 4(b) of the Regulation under the OBCA)

UPON the application (the "Application") of Asquith Resources Inc. (the "Applicant") to the Ontario Securities Commission (the "Commission") requesting a consent from the Commission for the Applicant to continue in another jurisdiction pursuant to subsection 4(b) of the Regulation;

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

AND UPON the Applicant having represented to the Commission that:

1. the Applicant is proposing to submit an application (the "Application for Continuance") to the Director under the OBCA for authorization to continue under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "CBCA");
2. pursuant to subsection 4(b) of the Regulation, where the corporation is an offering corporation, the Application for Continuance must be accompanied by a consent from the Commission;
3. the Applicant is an offering corporation under the OBCA and is a reporting issuer under the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act");

4. the Applicant intends to remain a reporting issuer under the Act;
5. the Applicant is not in default of any of the provisions of the Act or the regulations or rules made thereunder;
6. the Applicant is not a party to any proceeding or to the best of its knowledge, information and belief, pending proceeding under the Act;
7. the Applicant's shareholders will be asked to authorize the continuance of the Applicant as a corporation under the CBCA by special resolution at a meeting of shareholders to be held on November 19, 2001; and
8. the Continuance has been proposed so that the Applicant may conduct its affairs in accordance with the CBCA.

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the CBCA.

October 12, 2001.

"H.I. Wetston"

"H. L. Morphy"

25.1.3 Asquith Resources - Endorsement

Headnote

Ontario Business Corporations Act, R.S.O. 1990, c. B.16, as amended, ("OBCA") subsection 185(4) - dismissal of an application made pursuant to subsection 185(31) for an order declaring that the dissent rights granted under ss. 185(4) of the OBCA shall not arise upon the proposed continuance of the issuer under the Canada Business Corporations Act, R.S.C. 1985, c. C-44.

Subsection 185(32) of the OBCA - Counsel for the Commission appeared at the hearing, having been given notice as required pursuant to ss. 185(31) of the OBCA.

Applicable Ontario Statute

Ontario Business Corporations Act, R.S.O., c. B.16, as amended, ss. 185(4), ss. 185(31) ss. 185(32).

Counsel: Robert Frank for the Applicant
H. Corbett for the Ontario Securities Commission

Heard: July 25, 2001

ENDORSEMENT

[1] Asquith Resources Inc. has brought an application pursuant to s. 185(31) of the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16 for an order declaring that the dissent rights under s. 185(4) of the *OBCA* shall not arise upon the proposed continuance of Asquith Resources Inc. under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44.

[2] Asquith is an Ontario corporation incorporated under the *OBCA*. It carries on the business of mineral exploration, and the only material property with respect to which Asquith has an interest is a gold project in Africa. Its shares are listed and posted for trading on the Canadian Venture Exchange (CDNX).

[3] It has entered into an agreement with AXMIN, a private company incorporated in the British Virgin Islands, and the shareholders of AXMIN, pursuant to which Asquith has agreed to purchase all the outstanding shares of AXMIN. That company's most significant property interest is the gold project in which Asquith has an interest. The acquisition will result in the consolidation of Asquith's and AXMIN's African gold exploration projects in one company.

[4] A term of the acquisition requires Asquith to be continued as a corporation under the *CBCA* following the acquisition. From these parties' perspective, this is advantageous, as it will permit Asquith to have a majority of directors who are not resident Canadians because of the exception for a corporation that earns, in Canada, less than 5% of its consolidated revenues.

[5] Counsel for the Ontario Securities Commission appeared at the hearing, having been given notice as required pursuant to s. 185(31), and expressed concerns about the proposed relief sought.

[6] Section 185(1) gives a right to a shareholder to dissent in a number of transactions, including the situation where a corporation passes a resolution to be continued under the laws of another jurisdiction under s. 181. However, the Court has a discretion, pursuant to s. 185(31), to declare that dissenting rights will not arise upon such a transaction "if satisfied that the proposed action is not in all the circumstances one that should give rise to rights arising under subsection (4)".

[7] Asquith takes the position that dissent rights are not appropriate, as there is no prejudice to the shareholders from the continuance under the *CBCA*, given the terms of s. 187(7) and (8) of that Act and the fact that the business of the corporation will not change. As well, it argues that any shareholders who might be dissatisfied with the continuance have an exit strategy, because they can sell their shares through the CDNX prior to the vote on the resolution authorizing the continuance. Therefore, Asquith argues that dissent rights are not appropriate, because the shareholders' rights are not compromised or expropriated. They rely on *Re Electrohome Ltd.*, [1997] O.J. 1477 (Gen. Div.).

[8] In *Electrohome, supra*, the Court did not order that there be a right of dissent in a proposed Plan of Arrangement under s. 182 of the *OBCA*. Under s. 182, dissent rights are not mandatory, and the Court is given discretion whether to order dissent rights. In this case, Spence J. expressed approval of submissions made by counsel that dissent rights are typically ordered if there is a "going private" or fundamental change in the corporation, and the shareholders do not have an exit strategy. There, it was noted that the shares of the company were traded on the Toronto Stock Exchange, which permitted a shareholder who did not like the proposed arrangement to obtain the price for shares that the market considered to be a fair value.

[9] While Asquith argues that there is no material prejudice to shareholders who might oppose the continuance, it is not obvious to me that this is the case. While the provisions of the *CBCA* and *OBCA* are similar in many respects, the *CBCA* permits a majority of directors to be non-resident, and this may well be a source of concern to some shareholders and be seen as a significant change.

[10] Here, the shares are traded on the CDNX, so the shares are likely to be less liquid than those in *Electrohome*, where the shares were traded on the TSE. Moreover, pursuant to its policies, the CDNX has suspended trading since June 25, 2001, because of the announcement of the proposed acquisition. Thus, there is no opportunity to sell the shares at present, and no assurance that shareholders have an adequate exit strategy.

[11] While Asquith may be of the view that there is no prejudice to shareholders in the proposed continuance, I am not satisfied that this is the case. Given that the statute gives shareholders a presumptive right to dissent when a corporation proposes a continuance under other legislation, there should be good reason to believe that there is no prejudice to shareholders who might wish to dissent before their rights are determined to be inappropriate - especially given that they have not been provided with notice of this proceeding.

Other Information

[12] The applicant has not satisfied me that this is an appropriate case to declare that dissent rights do not arise. Therefore, the application is dismissed.

July 26, 2001.

"K. Swinton J."

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