

The Ontario Securities Commission

# OSC Bulletin

October 25, 2002

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

**The Ontario Securities Commission**

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# Chapter 1

## Notices / News Releases

### 1.1 Notices

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

OCTOBER 25, 2002

#### CURRENT PROCEEDINGS

BEFORE

#### ONTARIO SECURITIES COMMISSION

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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  
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Robert W. Davis, FCA	—	RWD
Harold P. Hands	—	HPH
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
H. Lorne Morphy, Q.C.	—	HLM
Robert L. Shirriff, Q.C.	—	RLS

### SCHEDULED OSC HEARINGS

DATE: TBA      **Patrick Fraser Kenyon Pierrepont Lett, Milehouse Investment Management Limited, Pierrepont Trading Inc., BMO Nesbitt Burns Inc.\*; John Steven Hawkyard and John Craig Dunn**

s. 127

K. Manarin in attendance for Staff

Panel: TBA

\*      BMO settled Sept. 23/02

DATE: TBA      **Meridian Resources Inc. and Steven Baran**

s. 127

K. Manarin in attendance for Staff

Panel: TBA

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

s. 127

I. Smith in attendance for Staff

Panel: HIW

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

s. 127

I. Smith in attendance for Staff

Panel: HIW

Notices / News Releases

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October 28 to **Teodosio Vincent Pangia, Agostino**  
November 8, 2002 **Capista and Dallas/North Group Inc.**

10:00 a.m. s. 127

Y. Chisholm in attendance for Staff

November 1, 2002 **Livent Inc., Garth H. Drabinsky,**  
9:30 a.m. **Myron I. Gottlieb, Gordon Eckstein,**  
**Robert Topol**

s. 127

J. Superina in attendance for Staff

Panel: HIW

November 11 to **Brian Costello**  
December 6, 2002

10:00 a.m.

s. 127

H. Corbett in attendance for Staff

Panel: PMM / KDA

November 18 to **Michael Goselin, Irvine Dyck,**  
December 4, 2002 **Donald Mccrory and Roger**  
**Chiasson**

10:00 a.m.

s. 127

T. Pratt in attendance for Staff

Panel: HLM / MTM

November 18 & **YBM Magnex International Inc.,**  
25, 2002 **Harry W. Antes, Jacob G. Bogatin,**  
9:00 a.m. - 12:00 **Kenneth E. Davies, Igor Fisherman,**  
p.m. **Daniel E. Gatti, Frank S. Greenwald,**  
**R. Owen Mitchell, David R. Peterson,**

November 19, **Michael D. Schmidt, Lawrence D.**  
2002 **Wilder, Griffiths McBurney &**  
9:00 a.m. - 3:00 **Partners, National Bank Financial**  
p.m. **Corp., (formerly known as First**  
**Marathon Securities Limited)**

November 20 - 22,  
27 - 29, 2002

9:30 a.m. - 4:30  
p.m.

s.127

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

Panel: HIW / DB / RWD

January 8, 9 & 10, **Jack Banks A.K.A. Jacques**  
2003 **Benquesus and Larry Weltman**

Time: TBA s. 127

K. Manarin in attendance for Staff

Panel: TBA

March 24, 25, 26 **Edwards Securities Inc., David**  
& 27, 2003 **Gerald Edwards, David Frederick**  
**Johnson, Clansman 98 Investments**

10:00 a.m.

**Inc. and Douglas G. Murdock**

s. 127

A. Clark in attendance for Staff

Panel: PMM

**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

DJL Capital Corp. and Dennis John Little

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

First Federal Capital (Canada) Corporation and Monter Morris Friesner

Global Privacy Management Trust and Robert Cranston

Irvine James Dyck

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

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

Offshore Marketing Alliance and Warren English

Philip Services Corporation

Rampart Securities Inc.

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

**1.1.2 Notice of Minister of Finance Approval of Multilateral Instrument 81-104 Commodity Pools**

**NOTICE OF MINISTER OF FINANCE APPROVAL  
OF  
MULTILATERAL INSTRUMENT 81-104**

**COMMODITY POOLS**

On October 7, 2002, the Minister of Finance approved Multilateral Instrument 81-104 Commodity Pools (the Instrument). The Instrument and Companion Policy 81-104CP will come into force in Ontario on November 1, 2002. Also as of November 1, 2002, OSC Policy Statement 11.4 Commodity Pool Programs will have no further effect. The Commission previously revoked this policy statement effective the date the Instrument comes into force.

A related amendment to section 87 of Regulation 1015 of the Revised Regulations of Ontario, 1990 made under the Securities Act was filed as O.Reg. 290/02 on October 10, 2002 and is expected to be published in the Ontario Gazette on October 26, 2002. The Instrument will also be published in the Ontario Gazette on October 26, 2002.

Please go to Chapter 5 of this Bulletin for the Instrument, the Companion Policy and the Regulation amendment.

### 1.1.3 OSC Staff Notice 51-709 Refilings and Corrections of Errors as a Result of Regulatory Reviews

#### OSC STAFF NOTICE 51-709 REFILINGS AND CORRECTIONS OF ERRORS AS A RESULT OF REGULATORY REVIEWS

In June 2000, we published Staff Notice 51-703 *Implementation of Reporting Issuer Continuous Disclosure Review Program* announcing the creation of a continuous disclosure review program by the Corporate Finance Branch of the Ontario Securities Commission. The goal of this review program is to ensure compliance with periodic and timely disclosure requirements, as well as to improve the quality of disclosure generally.

Since then, we have reviewed the continuous disclosure records of numerous issuers and some of these reviews have resulted in issuers amending and refiling financial statements or other documents. Prospectus reviews have also identified issues that required a corresponding correction of the continuous disclosure record of several issuers.

Specific examples of where issuers have had to restate and refile financial statements include the following situations:

- revenue was recognized at the time of delivery, as opposed to at the time of installation,
- no tax provision was recorded in the quarterly financial statements,
- a tax contingency was accounted for as a prior period adjustment,
- an income tax asset was inappropriately accounted for,
- there was no accrual for liabilities in the context of an acquisition,
- a new accounting standard respecting goodwill was not adopted by the issuer and it failed to perform an impairment test, and
- non-cash flow items were included in the cash flow statement.

In certain limited cases, our reviews were resolved through the issuer agreeing to restate financial information for previous periods retroactively in their next set of financial statements. This was done in order to correct an error in the statements that have already been filed with the Commission.

When an issuer amends and refiles a document previously filed with the Commission, or implements an accounting change on a retroactive basis in order to correct an error, the issuer is acknowledging that the original filing was not prepared in accordance with the *Securities Act*

(Ontario)(the Act) or the regulations. Accordingly, it is our view that these are significant events that should be generally disclosed to the market.

#### Company Disclosure

We remind issuers that it is their responsibility to ensure that the details of any amended and refiled information, or retroactive accounting change that represents the correction of an error, are clearly and broadly disclosed to the market in a timely manner. This responsibility is the same whether the refiling or change is made as a result of a review by staff, or whether the issuer identified the error and decided to refile or make a change on its own initiative.

It is our view that a refiling or a retroactive accounting change that represents the correction of an error will generally represent a material change that should be immediately communicated to the market place by way of a news release and report of the material change in accordance with section 75 of the Act. Even where the correction may not represent a material change, we take the view that investors should be informed immediately by way of a news release.

The news release should clearly describe the revisions to the previously filed information and the reasons for making the changes. This information should be released in a way that ensures it is widely and publicly disseminated and a copy should be concurrently provided to the Commission. Finally, the documents that are amended and refiled should be clearly labelled as "revised" or "restated", should identify and describe the nature of the revisions and, in the case of refiled financial statements or MD&A, should be filed under the applicable "amended" document type on SEDAR.

#### Public List on OSC Website

Beginning on October 25, 2002, we will start posting on the Commission's Web site (<http://www.osc.gov.on.ca>) a list of all issuers that are required, as a result of a review by staff, to:

- (1) restate and refile financial statements;
- (2) implement accounting changes in their financial statements on a retroactive basis, where such an accounting change represents the correction of an error in the financial information as originally filed; or
- (3) amend and refile other continuous disclosure documents.

Any refilings, or accounting changes that are implemented retroactively, will be limited to situations that would constitute a default under clause 3.3(2)4. of OSC Policy 51-601 *Reporting Issuer Defaults* (Policy 51-601). Subsection 3.3(4) of Policy 51-601 describes the procedures we follow when dealing with defaults based on significant filing deficiencies.



Once placed on the Refilings and Errors list, an issuer's name will be kept on the list for a period of three years from the date of refiling or the date of filing financial statements that contain a retroactive change in order to correct an error. After the three-year period, the issuer's name will be archived.

Initially, the Refilings and Errors list will not include issuers for whom a refiling, or a retroactive accounting change in order to correct an error, took place outside the context of a review by staff. However, we may reconsider the scope of the list in the future to include these issuers as well.

Questions or comments concerning this notice should be provided to:

John Hughes  
Manager, Continuous Disclosure  
Corporate Finance  
(416) 593-3695  
jhughes@osc.gov.on.ca

Jean-Paul Bureaud  
Legal Counsel, Continuous Disclosure  
Corporate Finance  
(416) 593-8131  
jbureaud@osc.gov.on.ca

**1.2 Notices of Hearing**

incurred by or on behalf of the Commission; and

**1.2.1 Edward Carl Blasiak - ss. 127 and 127.1**

(g) to make such other order as the Commission considers appropriate.

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

**AND**

**IN THE MATTER OF  
EDWARD CARL BLASIAK**

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

**BY REASON OF** the allegations set out in the Statement of Allegations dated October 11, 2002 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 at the hearing;

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

**TAKE NOTICE** that the Commission will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") at the offices of the Ontario Securities Commission, 20 Queen Street West, 17<sup>th</sup> Floor Hearing Room on Thursday, October 17, 2002 at 11:00 a.m. or as soon thereafter as the hearing can be held:

October 11, 2002.

"John Stevenson"

**TO CONSIDER** whether, pursuant to sections 127(1) and 127.1 of the Act, it is in the public interest for the Commission:

- (a) to make an order pursuant to section 127(1) clause 2 of the Act that trading in securities by Edward Carl Blasiak ("Blasiak") cease permanently or for such other period as specified by the Commission;
- (b) to make an order pursuant to section 127(1) clause 1 that the registration of Blasiak be suspended or restricted for such period as is specified in the order or be terminated;
- (c) to make an order pursuant to section 127(1) clause 7 of the Act that Blasiak resign one or more positions which Blasiak may hold as an officer or director of any issuer;
- (d) to make an order pursuant to section 127(1) clause 8 of the Act that Blasiak is prohibited from becoming or acting as a director or officer of any issuer permanently or for such other period as specified by the Commission;
- (e) to make an order pursuant to section 127(1) clause 6 of the Act that Blasiak be reprimanded;
- (f) to make an order pursuant to section 127.1 of the Act that Blasiak pay the costs of Staff's investigation and the costs of, or related to, this proceeding,

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

**AND**

**IN THE MATTER OF  
EDWARD CARL BLASIAK**

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

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

**Introduction**

1. During the Material Time (as described below), Edward Carl Blasiak ("Blasiak") was registered as a registered representative under Ontario securities law. Blasiak has not been registered in any capacity under the Act since March 26, 2001. During the Material Time, Blasiak was employed with Goepel McDermid Inc. ("Goepel McDermid"), a registered dealer and a member of the Investment Dealers Association of Canada (the "IDA").
2. During the period from May 1995 to May 1999 (the "Material Time"), Blasiak was the registered representative for approximately 45 accounts (the "Accounts") held at Goepel McDermid in the name of Britwirth Investment Company, Ltd. ("Britwirth"), Fulton Park Limited ("Fulton Park") and Wifsta Ltd. ("Wifsta").
3. Britwirth was incorporated pursuant to the laws of the Turks and Caicos Islands. Fulton Park and Wifsta were incorporated pursuant to the laws of the Isle of Man. Britwirth, Fulton Park and Wifsta have not been registered in any capacity under the Act.
4. During the Material Time, Blasiak received trading instructions from James Frederick Pincock ("Pincock") on behalf of Britwirth, Fulton Park and Wifsta. On August 27, 2002, the Ontario Securities Commission approved a settlement agreement between Staff of the Commission and Pincock dated August 23, 2002, the terms of which are set out therein.

**Conduct of Blasiak Contrary to the Requirements of  
Ontario Securities Law**

5. During the Material Time, in his capacity as the registered representative for the Accounts, Blasiak assisted Britwirth, Fulton Park and Wifsta in making trades, where such trading was a distribution of such securities, without having filed a preliminary prospectus and a prospectus, and obtaining receipts therefor from the Director, as

required by section 53(1) of the Act, and without registration contrary to section 25(1) of the Act.

6. In particular, Britwirth, Fulton Park and Wifsta received funds from investors in Ontario and elsewhere to purchase securities in at least six companies, including, Royal Laser Tech Corporation ("Royal Laser"), Champion Communication Services Inc. ("Champion"), Leisure Canada Inc., Indocan Resources Inc., Pacific Concorde Capital Inc. (collectively, referred to as the "Companies"). Funds in excess of CAD 1,000,000 and in excess of USD 550,000 received from at least 130 investors were deposited in the Accounts for the purpose of purchasing securities in the Companies. Investors purchased securities in the Companies through pooling and subscription agreements entered into between the investors and Britwirth, Fulton Park or Wifsta (the "Agreements").
7. During the Material Time, certain investors who purchased securities in the Companies held individual accounts with Goepel McDermid. Blasiak was the registered representative for these clients, as well as Britwirth, Fulton Park and Wifsta.
8. During the Material Time, Blasiak assisted Britwirth, Fulton Park and Wifsta in making trades contrary to the prospectus and registration requirements of Ontario securities law, the particulars of which are as follows:
  - (a) Blasiak was the registered representative responsible for the opening of the Accounts held in the name of Britwirth, Fulton Park and Wifsta;
  - (b) numerous third party cheques of individual investors were deposited into the Accounts for the purchase of the securities in the Companies;
  - (c) on a number of occasions, the principal of Britwirth, Fulton Park or Wifsta instructed Blasiak to transfer securities from the Accounts to the accounts of individual investors held at either Goepel McDermid or accounts held with other brokerage firms, without using the facilities of the Toronto Stock Exchange. In the case of accounts of individual investors held at Goepel McDermid, Blasiak was also the registered representative for these clients;
  - (d) in some instances, Blasiak acted as a witness for the signatories, either the investor or Britwirth, in respect of the subscription or pooling agreements described above;

- (e) in some instances, Blasiak participated in the pooling arrangement by purchasing shares from Britwirth on behalf of himself or his spouse in relation to several of the Companies noted above; and
  - (f) Blasiak did not inform Goepel McDermid or its compliance department that he was assisting Britwirth, Fulton Park or Wifsta in making trades contrary to the prospectus and registration requirements contained in Ontario securities law, as described above.
9. Further, Blasiak failed to advise all of his clients who purchased securities in the Companies from Britwirth, Fulton Park or Wifsta, that they purchased these securities without the benefit of a prospectus or any exemption from the prospectus requirements contained in Ontario securities law.
10. Following the commencement of the investigation by Staff of the Commission in relation to the matters described herein, Blasiak was instructed by the compliance department of Goepel McDermid to close the Accounts.

14. Such additional allegations as Staff may submit and the Commission may permit.

October 11, 2002.

#### **Conduct Contrary To The Public Interest**

11. In his capacity as the registered representative for the Accounts, Blasiak acted contrary to the public interest as described above by assisting Britwirth, Fulton Park and Wifsta in making trades where such trading was a distribution of securities, contrary to the prospectus and registration requirements contained in Ontario securities law.
12. Blasiak failed to deal fairly, honestly and in good faith with his clients, in breach of the requirements set out in Ontario securities law and in particular, subsections 2.1(1) and (2) of Rule 31-505 in failing to advise all of his clients who purchased securities in the Companies from any of Britwirth, Fulton Park or Wifsta, that they purchased these securities without the benefit of a prospectus or any exemption from the prospectus requirements contained in Ontario securities law.

#### **Other Matters**

13. On September 28, 1998, the Ontario District Council of the IDA approved a settlement agreement entered into between the IDA and Blasiak imposing disciplinary penalties on Blasiak, the terms of which are set out in IDA Bulletin #2521 dated October 14, 1998 (the "Bulletin"). As stated in the Bulletin, pursuant to the settlement agreement Blasiak admitted that he failed to ensure that orders for the accounts of customers of McDermid St. Lawrence Chisholm Ltd., were given priority over all other orders executed on behalf of the firm contrary to IDA Regulation 1300.17

1.3 News Releases

1.3.1 OSC Commences Proceedings in Relation to Edward Carl Blasiak

FOR IMMEDIATE RELEASE  
October 11, 2002

OSC COMMENCES PROCEEDINGS IN RELATION TO EDWARD CARL BLASIAK

**TORONTO** – The Ontario Securities Commission (the “Commission”) issued on October 11, 2002 a Notice of Hearing and related Statement of Allegations in respect of Edward Carl Blasiak (“Blasiak”).

The first appearance in this matter will be held at 11:00 a.m. on Thursday, October 17, 2002 in the main hearing room of the Commission located on the 17<sup>th</sup> Floor, 20 Queen Street West, Toronto, Ontario. The purpose of this first appearance is to request the Commission’s approval of the settlement agreement between Staff of the Commission and Blasiak.

A copy of the Notice of Hearing and Statement of Allegations is available at the Commission’s website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca) or from the Commission, 19<sup>th</sup> Floor, 20 Queen Street West, Toronto, Ontario.

**For Media Inquiries:** Eric Pelletier  
Manager, Media Relations  
416-595-8913

Michael Watson  
Director, Enforcement Branch  
416-593-8156

**For Investor Inquiries:** OSC Contact Centre  
416-593-8314  
1-877-785-1555 (Toll Free)

1.3.2 OSC Approves Settlement in the Matter of Edward Carl Blasiak

FOR IMMEDIATE RELEASE  
October 17, 2002

ONTARIO SECURITIES COMMISSION APPROVES SETTLEMENT IN THE MATTER OF EDWARD CARL BLASIAK

**TORONTO** – The Ontario Securities Commission (the “Commission”) today approved a settlement agreement reached between Staff of the Commission and Edward Carl Blasiak (“Blasiak”). The agreement follows an enforcement action initiated on October 11, 2002 in which the OSC Staff alleged that from May 1995 to May 1999, Blasiak assisted companies in making trades in securities in violation of the prospectus and registration requirements contained in Ontario securities law, and failed to deal fairly, honestly and in good faith with his clients in breach of Rule 31-505 of Ontario securities law. Blasiak has not been registered in any capacity under Ontario securities law since March 26, 2001.

The settlement agreement approved by the Commission includes the following sanctions:

- Blasiak’s registration is terminated and he has undertaken never to apply for registration in any capacity under Ontario securities law;
- Blasiak must cease trading in securities for a period of 5 years, effective 30 days following the Commission’s Order made today;
- Blasiak is required to resign his position as an officer or director of any reporting issuer, registrant or any issuer in Ontario which has an interest directly or indirectly in any registrant, and is prohibited from becoming or acting as an officer or director of any reporting issuer, registrant or any issuer in Ontario which has an interest directly or indirectly in any registrant for a period of 5 years;
- Blasiak was also reprimanded by the Commission for his conduct in violation of the requirements of Ontario securities law and contrary to the public interest.

Copies of the Notice of Hearing, Statement of Allegations, Settlement Agreement and the Order made by the Commission are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca) or from the Commission, 19<sup>th</sup> Floor, 20 Queen Street West, Toronto, Ontario.

**For Media Inquiries:** Eric Pelletier  
Manager, Media Relations  
416-595-8913

Michael Watson  
Director, Enforcement Branch  
416-593-8156

**For Investor Inquiries:** OSC Contact Centre  
416-593-8314  
1-877-785-1555 (Toll Free)

**1.3.3 New OSC Brochure Addresses Investor Concerns about RESPs**

**FOR IMMEDIATE RELEASE  
October 23, 2002**

**NEW ONTARIO SECURITIES COMMISSION BROCHURE  
ADDRESSES INVESTOR CONCERNS ABOUT RESPs**

**TORONTO** – In response to investor concerns, the Ontario Securities Commission has launched a new multilingual brochure to help investors understand the risks associated with Registered Education Savings Plans (RESPs), including often-misunderstood Pooled Group Scholarship Trust Plans.

*Saving for your child's education: Get the facts about RESPs before you invest* discusses Self-Directed RESP accounts, Pooled Individual and Family Scholarship Trust Plans, and Pooled Group Scholarship Trust Plans, in the context of risk and return, costs, and cancellation policies. The OSC's Contact Centre often receives inquiries from investors who do not understand the plans they have signed up for, the fees they could potentially pay if they stop payments and the risks they are taking with their money. This new brochure will raise awareness about these important issues.

"The RESP market has grown quickly over the past few years, and we feel it's important for all investors to have a thorough understanding of what they're getting into," says Terri Williams, Manager, Investor Education at the OSC. The OSC has recognized that misunderstandings are often due to communication breakdown between the scholarship plan dealers the OSC registers and their clients. Therefore, in addition to English and French, the OSC is offering this brochure in Chinese, Russian, Tamil and Polish to help Ontario's growing ethnic communities understand RESP options.

In addition to specific information about the types of RESPs, the brochure also provides general tips and an outline of the Canada Education Savings Grant available to RESP investors.

"We hope to raise awareness across Ontario that there are issues investors need to know about with certain types of RESPs," said Williams.

Investors can request a free copy of *Saving for your child's education* by calling 1-877-785-1555 or they can view the material on the OSC web site at [www.osc.gov.on.ca](http://www.osc.gov.on.ca). The brochures can be found on the Required Reading page of the Investor Resources section.

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. Our mandate is to provide protection to investors from unfair or improper practices and to foster fair and efficient capital markets.

**For Media Inquiries:** Terri Williams  
Manager, Investor Education  
416-593-2350

**For Investor Inquiries:** OSC Contact Centre  
416-593-8314  
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## Chapter 2

# Decisions, Orders and Rulings

## 2.1 Decisions

### 2.1.1 Rohm and Haas Company - MRRS Decision

#### Headnote

MRRS - registration relief for trades by former employees and permitted transferees of securities acquired under employee incentive plans - issuer bid relief for foreign issuer in connection with acquisition of shares under employee incentive plans.

#### Applicable Ontario Statutory Provisions

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

#### Applicable Ontario Rule

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

#### Applicable Instrument

Multilateral Instrument 45-102 - Resale of Securities.

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

**AND**

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

**AND**

**IN THE MATTER OF  
ROHM AND HAAS COMPANY**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, Saskatchewan and Nova Scotia (the "Jurisdictions") has received an application from Rohm and Haas Company ("Rohm and Haas" or the "Company") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that (i) the requirement contained in the Legislation to be registered to trade in a security (the "Registration Requirement") will not apply to certain trades in securities of Rohm and Haas that were acquired in connection with the Rohm and Haas Amended and Restated Stock Plan (the "Plan"); and (ii) the requirements contained in the Legislation relating to the

delivery of an offer and issuer bid circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, take-up and payment for securities tendered to an issuer bid, disclosure, restrictions upon purchases of securities, financing, identical consideration, collateral benefits, together with the requirement to file a reporting form within ten (10) days of an exempt issuer bid and pay a related fee (the "Issuer Bid Requirements") will not apply to certain acquisitions by the Company of Shares (as defined below) pursuant to the Plan in each of the Jurisdictions;

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

**AND WHEREAS** Rohm and Haas has represented to the Decision Makers as follows:

1. Rohm and Haas is presently a corporation incorporated under the laws of the state of Delaware. The executive office of Rohm and Haas is located in Philadelphia, Pennsylvania.
2. Rohm and Haas and affiliates of Rohm and Haas ("Rohm and Haas Affiliates") (Rohm and Haas and Rohm and Haas Affiliates are, collectively, the "Rohm and Haas Companies") are manufacturers of specialty chemicals.
3. The Company is registered with the Securities Exchange Commission ("SEC") in the U.S. under the U.S. *Securities Exchange Act of 1934* ("Exchange Act") and is not exempt from the reporting requirements of the *Exchange Act* pursuant to Rule 12g 3-2 made thereunder.
4. Rohm and Haas is not a reporting issuer in any Jurisdiction and has no present intention of becoming a reporting issuer in any Jurisdiction.
5. The authorized share capital of Rohm and Haas consists of 400,000,000 shares of common stock ("Shares").
6. The Shares are listed for trading on the New York Stock Exchange ("NYSE").
7. Rohm and Haas intends to use the services of one or more agents/brokers (each, an "Agent") under the Plan. The current Agent for the Plan is Salomon Smith Barney, Inc. ("SSB"). SSB is registered in the U.S., but not in the Jurisdictions, and, if replaced, or if an additional Agent is appointed, such replacement Agent or additional

- Agent is not expected to be so registered in the Jurisdictions. The replacement Agent or additional Agent will be registered under applicable U.S. securities or banking legislation to trade in securities, if required under such legislation, and will be authorized by Rohm and Haas to provide services under the Plan.
8. The Agent's role in the Plan may include: (a) disseminating information and material to Participants in connection with the Plan; (b) assisting with the administration of the Plan, including record-keeping functions; (c) facilitating the exercise of Awards (as defined below) granted under the Plan (including cashless and stock-swap exercises); (d) holding Shares issued under the Plan on behalf of Participants (as defined below), Former Participants (as defined below) and Permitted Transferees (as defined below) in limited brokerage accounts; (e) facilitating the resale of Shares issued in connection with the Plan; (f) facilitating the reacquisition of Awards under the terms of the Plan; and (g) facilitating the payment of withholding taxes, if any, by cash or the tendering or withholding of Shares.
9. The Shares issued under the Plan will be previously authorized but unissued Shares or reacquired Shares, whether bought on the market or otherwise.
10. Subject to adjustment as provided in the Plan, the maximum number of Shares which may be issued pursuant to the Plan is 19 million.
11. Employees who participate in the Plan will not be induced to purchase Shares by expectation of employment or continued employment.
12. The Plan is administered by the board of directors ("Board") of the Company and/or a committee appointed by the Board ("Committee").
13. Under the Plan options exercisable for Shares ("Options") and restricted stock ("Restricted Stock") (collectively "Awards") may be granted to employees of Rohm and Haas and its affiliates ("Participants").
14. The purpose of the Plan is to attract and retain employees, to motivate Participants by means of appropriate incentive, to achieve long-range goals, to provide incentive compensation opportunities that are competitive with those of other similar companies and to further identify Participants' interests with those of the Company's other stockholders through stock compensation, thereby promoting the long-term financial interest of the Company and its stockholders.
15. The Committee may, in its sole discretion, grant Options to eligible Participants. Each Option granted under the Plan will be evidenced by an Option agreement ("Option Agreement").
16. As of March 1, 2002, there were 23 Participants in Canada eligible to receive Options under the Plan: 14 Participants in Ontario; 1 Participant in Alberta; 1 Participant in Saskatchewan; 6 Participants in Quebec; and 1 Participant in Nova Scotia.
17. Subject to the provisions of the Plan, the Committee has the sole authority to determine the number of Shares covered by each Option and the conditions and limitations applicable to the exercise of the Option.
18. Options shall be exercisable at such times and subject to such terms and conditions as the Committee may specify, provided that no Option shall be exercisable after the expiration of ten years and one month from the date of grant.
19. The exercise price ("Exercise Price") for Options will be specified in the Option Agreement and will be established at the discretion of the Committee, provided, however, that the Exercise Price per Share for an Option shall be not less than the Fair Market Value (as defined in the Plan) of a Share on the effective date of grant of the Option.
20. Generally, Fair Market Value for the purposes of the Plan shall equal the mean of the high and low price of the Shares on the NYSE on the date of grant.
21. The Committee shall establish procedures governing the exercise of Options. Generally, in order to exercise an Option, a Participant, Former Participant or Permitted Transferee must submit to Rohm and Haas or the Agent a notice of exercise in the form and manner prescribed by the Committee ("Notice of Exercise") identifying the Option and number of Shares being purchased, together with full payment for the Shares.
22. The Notice of Exercise shall specify which of the following types of exercise will be used to pay the Exercise Price and other costs, if any:
- (a) a regular Option exercise. If the Option holder requests a regular Option exercise, the Option holder shall deliver the full Exercise Price and applicable withholding taxes and transaction fees, if any (collectively, "Exercise Costs") in cash or cash equivalents to the Agent or to Rohm and Haas at the time of exercise. Following receipt of the Exercise Price and applicable withholding taxes, Rohm and Haas shall issue the Shares underlying the Options to the Agent or directly to the Option holder;

- (b) if permitted by the Committee, an Option exercise and sale of all Shares being purchased through the Option exercise ("Cashless for Cash Exercise"). If the Option holder requests a Cashless for Cash Exercise, the Option holder shall deliver an irrevocable direction to the Agent to sell all of the Shares underlying the Option being exercised. Upon receipt of such direction, the Agent shall sell the Shares as soon as practicable and, upon settlement of the trade, transfer to Rohm and Haas from the proceeds of the sale an amount equal to the Exercise Price and withholding taxes for the Shares purchased. As soon as practicable thereafter, the proceeds from the sale of the Shares (less the Exercise Costs) shall be delivered to the Option holder;
- (c) if permitted by the Committee, an Option exercise and sale of a sufficient number of Shares to cover the Exercise Costs of the Shares being purchased through the Option exercise, with the remainder of the Shares to be issued to the Option holder or the Agent on the holder's behalf ("Cashless for Stock Exercise"). If the Option holder requests a Cashless for Stock Exercise, the Option holder shall deliver an irrevocable direction to the Agent to sell the portion of the Shares underlying the Option sufficient to pay the Exercise Costs. Upon receipt of such direction, the Agent shall sell the applicable number of Shares as soon as practicable and, upon settlement of the trade, transfer to Rohm and Haas an amount equal to the Exercise Price and withholding taxes for the Shares purchased. As soon as practicable thereafter, the remaining Shares (less the Shares sold to pay the Exercise Costs), shall be delivered to the Option holder or the Agent on his or her behalf, provided, however, that the Option holder shall receive cash in lieu of any fractional Shares;
- (d) if permitted by the Committee, an Option exercise and surrender of Shares already owned by the Option holder having a Fair Market Value equal to the Exercise Costs ("Stock-Swap Exercise"). If an Option holder requests a Stock-Swap Exercise, that Option holder must deliver to the Agent Shares owned by the Option holder having an aggregate Fair Market Value equal to the Exercise Costs. As soon as practicable thereafter, the applicable number of Shares will be delivered to the Option holder or to the Agent on behalf of the Option holder;
- (e) if permitted by the Committee, the Exercise Costs may be paid according to a deferred payment arrangement with the Option holder; and
- (f) in any other form of legal consideration that may be acceptable to the Committee.
23. Unless otherwise determined by the Committee, Options shall not be transferable except by will or the laws of descent and distribution.
24. Following the termination of a Participant's relationship with the Rohm and Haas Companies for reasons of disability, retirement, "Change of Control" (as defined in the Plan), or any other reason ("Former Participant") and on the death of a Participant where the Option has been transferred by will or pursuant to the laws of intestacy ("Permitted Transferees") the Former Participants and Permitted Transferees will continue to have rights in respect of the Plan ("Post-Termination Rights"). Post-Termination Rights may include, among other things, the right of a Former Participant to exercise an Option for a period determined in accordance with the Plan following termination and the right to sell Shares acquired under the Plan through the Agent. Post-Termination Rights will only be issued when the right to receive them was earned by a Participant while that Participant still had a relationship with Rohm and Haas.
25. The sale of Shares acquired under the Plan may be made by Participants, Former Participants or Permitted Transferees through the Agent.
26. As there is no market for the Shares in Canada and none is expected to develop, it is expected that the resale by Participants, Former Participants and Permitted Transferees of the Shares acquired under the Plan will be effected through the NYSE.
27. As at March 1, 2002, Canadian shareholders did not hold, directly or indirectly, more than 10% of the issued and outstanding Shares of the Company and did not constitute more than 10% of the shareholders of the Company. If at any time during the currency of the Plan Canadian shareholders of the Company hold, in aggregate, greater than 10% of the total number of issued and outstanding Shares or if such shareholders constitute more than 10% of all shareholders of the Company, the Company will apply to the relevant Jurisdiction for an order with respect to further trades to and by Participants in that Jurisdiction in respect of Shares acquired under the Plan.
28. All necessary securities filings have been made in the U.S. in order to offer the Plan to Participants of

- the Rohm and Haas Companies resident in the U.S.
29. A prospectus prepared according to U.S. securities laws describing the terms and conditions of the Plan will be delivered to each employee who is granted an Option under the Plan. The annual reports, proxy materials and other materials Rohm and Haas is required to file with the SEC will be provided or made available to Canadian Participants at the same time and in the same manner as the documents are provided or made available to U.S. Participants.
30. Rohm and Haas is authorized to withhold from any Award granted the amount of withholding taxes due in respect of the Award or payment under the Plan and to take such other action as may be necessary in the discretion of the Committee to satisfy all obligations for the payment of such taxes ("Share Withholding Exercises").
31. After a "Change in Control" (as defined in the Plan), the Committee has the discretion to permit a Participant holding certain Awards to elect to surrender all or part of the Awards of the Company and to receive a cash amount from the Company at a price equal to the Change of Control Price (as defined in the Plan) ("Award Repurchase Rights").
32. The Committee may, in its sole discretion, grant Restricted Stock to Participants which shall be evidenced by a restricted stock purchase agreement ("Restricted Stock Purchase Agreement") which shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate.
33. In the event a Participant's status terminates, the Company may repurchase or otherwise reacquire any or all of the Shares held by the Participant which have not vested as of the date of termination under the terms of the Restricted Stock Purchase Agreement ("Restricted Stock Acquisitions").
34. Pursuant to the Plan, the acquisition of Shares by the Company in the following circumstances may constitute an "issuer bid": Stock Swap Exercises, Award Repurchase Rights, Restricted Stock Acquisitions and Share Withholding Exercises.
35. The issuer bid exemptions in the Legislation may not be available for such acquisitions by the Company since such acquisitions may occur at a price that is not calculated in accordance with the "market price," as that term is defined in the Legislation and may be made from Permitted Transferees.

36. When the Agents sell Shares on behalf of Former Participants and Permitted Transferees, the Agents, Former Participants and Permitted Transferees may not be able to rely upon the exemptions from the Registration Requirement contained in the Legislation of the Jurisdictions.

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

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

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

- (a) the Registration Requirement shall not apply to trades in Shares by Former Participants or Permitted Transferees, including trades effected through the Agent, provided that the conditions in subsection 2.14(1) of Multilateral Instrument 45-102 Resale of Securities are satisfied; and
- (b) the Issuer Bid Requirements shall not apply to the acquisition by Rohm and Haas of Shares and Awards from Participants, Former Participants or Permitted Transferees provided such acquisitions are made in accordance with the provisions of the Plan.

October 15, 2002.

"Howard I. Wetston"

"Kerry D. Adams"

**2.1.2 Working Ventures II Technology Fund Inc. and Working Ventures Investment Services Inc. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - relief granted to a fund issuer from the prospectus and registration requirements to implement an incentive plan, where certain securities of the Fund are to be issued to certain employees of the Fund's manager.

**Applicable Ontario Statutory Provisions**

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

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
SASKATCHEWAN, ONTARIO AND NOVA SCOTIA**

**AND**

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

**AND**

**IN THE MATTER OF  
WORKING VENTURES II TECHNOLOGY  
FUND INC. AND  
WORKING VENTURES INVESTMENT SERVICES INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Saskatchewan, Ontario and Nova Scotia (the "Jurisdictions") has received an application from Working Ventures II Technology Fund Inc. (the "Fund") and Working Ventures Investment Services Inc. (the "Manager", and together with the Fund, the "Filers") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Registration and Prospectus Requirements") shall not apply to trades by the Fund in co-ownership interests in the Fund's interests in Venture Assets (defined below) pursuant to a Structured Property Interest Incentive Plan adopted by the Manager for the benefit of certain eligible individuals;

**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** unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Québec Commission Notice 14-101;

**AND WHEREAS** the Filers have represented to the Decision Makers as follows:

1. The Fund is a corporation incorporated under the laws of Canada on October 27, 2000 and was, as of November 29, 2000, and is currently registered as a labour-sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario) (the "CSBIF Act"). The Fund is a prescribed labour-sponsored venture capital corporation under the *Income Tax Act* (Canada). The head office of the Fund is located in Toronto, Ontario.
2. The Manager is a corporation incorporated under the laws of Canada and is a wholly-owned subsidiary of Working Ventures Inc. ("WV Inc."). The head office of the Manager is located in Toronto, Ontario.
3. The Manager acts as manager of the Fund pursuant to a management agreement entered into between the Fund and the Manager.
4. The Manager has adopted a Structured Property Interest Incentive Plan (the "Plan") for the benefit of certain eligible individuals who are employees or officers of the Manager (the "Participants"). The Plan will be implemented by the Fund entering into a co-ownership agreement with the Manager pursuant to which the Fund will convey to the Manager, as nominee for the Participants, an undivided co-ownership interest (the "Co-Ownership Interest") in each of the Fund's investments in eligible businesses for purposes of the CSBIF Act (the "Venture Assets").
5. The purpose of the Plan is to attract and retain qualified personnel, to recognize Participants for their services, and to give Participants the opportunity to participate in the growth of the Venture Assets on a more tax effective basis through co-ownership interests in the investee companies.
6. The Participants will be designated by the Board of Directors of WV Inc. (the "Board"). Employees of the Manager who are either (i) members of the investment department or (ii) senior officers of the Manager are eligible to be Participants.
7. Each time the Fund makes an investment in a Venture Asset, the Participants receive from the Fund a Co-Ownership Interest in that Venture Asset. Initially, the Participants' Co-Ownership Interest in a particular Venture Asset will be nominal (0.001%).
8. The Participants' Co-ownership Interest remains nominal until such time as the Fund has realized gains (net of realized losses) from the sale of Venture Assets equal to the aggregate cost of all the Fund's retained Venture Assets plus the

threshold rate of return (the "Threshold Rate") described in paragraph 9 (the "Target").

9. The Threshold Rate is a cumulative annual rate of return calculated on the basis of the average annual rate of return for five-year Government of Canada bonds plus 2% and is applied to the amount of the Fund's cost of its portfolio of Venture Assets.
10. The Participants' Co-Ownership Interest in a particular Venture Asset that is sold at a time when the Fund has realized net gains in excess of the Target will have a value equal to 20% of the gain on the sale of the particular Venture Asset above the Target.
11. Immediately before the sale of any Venture Asset for cash or cash equivalents, each Participant's individual co-ownership interest (a "Participant's Interest") will be computed as a percentage of the total ownership in such investment by the Senior Vice-President, Finance and Administration of the Manager.
12. After the calculation described in paragraph 11, the Fund's and each Participant's Interest will be partitioned and the Fund's interest and each Participant's Interest in the Venture Asset will be disposed of together. The Participants have no right to deal separately with their interests in the Venture Assets.
13. The Board will allocate to each Participant an individual co-ownership percentage (the "Individual Co-ownership Percentage") of the Participants' co-ownership interest in each Venture Asset held by the Fund.
14. Where the employment of a Participant is terminated, the Participant will convey all or a portion of his or her Participant's Interest in the Venture Assets to the Manager, as nominee, and the Manager will, subject to an alternative direction of the Board, convey such co-ownership interests to the remaining actively employed Participants in proportion to their pro-rata holdings of all the Participants' Co-Ownership Interests.
15. On March 30 of each calendar year after the effective date of the Plan, the Board will reallocate to each Participant who remains employed by the Manager an Individual Co-ownership Percentage in respect of (i) capital raised by the Fund since the last reallocation and (ii) any Participant's individual Co-Ownership interests in Venture Assets conveyed to the Manager, as nominee, as a result of the termination of the Participant's employment.
16. Individual Co-ownership Percentages will also be reallocated upon the employment by the Manager

of a new Participant after the effective date of the Plan.

17. Where a reallocation results in a decrease in a Participant's Individual Co-Ownership Percentage, such Participant will be deemed to have conveyed an undivided co-ownership interest in the Venture Assets to such other Participants whose Individual Co-ownership Percentages have increased, such conveyances to be pro-rated among affected Participants.

**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 and Prospectus Requirements shall not apply to:

- (i) the conveyance of the Co-Ownership Interests in Venture Assets by the Fund to the Participants;
- (ii) trades in Participants' Interests in Venture Assets between the Manager, as nominee, and Participants and trades between Participants resulting from a reallocation initiated by the Manager; and
- (iii) the disposition of the Participants' Interests in the Venture Assets on the disposition of Venture Assets by the Fund.

October 18, 2002.

"Robert W. Korthals"

"Mary Theresa McLeod"

**2.1.3 GMAC Commercial Mortgage Securities of Canada, Inc./GMAC titres hypothécaires commerciaux du Canada Inc. - MRRS Decision**

**Headnote**

Mutual Reliance Review System – issuer of mortgage pass-through certificates exempt from the requirement to prepare, file and deliver annual report, where applicable, interim and annual financial statements and annual reports, where applicable, in lieu of an information circular subject to conditions, including the requirement to prepare, file and deliver monthly and annual reports regarding performance of pools of assets.

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c. S.5, as am., 77, 78,79, 80(b)(iii) and 81(2).

**Rules Cited**

National Instrument 44-101 Short Form Prospectus Distributions.

National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer.

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

**AND**

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

**AND**

**IN THE MATTER OF  
GMAC COMMERCIAL MORTGAGE  
SECURITIES OF CANADA, INC./  
GMAC TITRES HYPOTHÉCAIRES  
COMMERCIAUX DU CANADA INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the “Jurisdictions”) has received an application from GMAC Commercial Mortgage Securities of Canada, Inc./GMAC titres hypothécaires commerciaux du Canada Inc. (the “Issuer”) for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that the provisions of the Legislation concerning the preparation, filing and delivery of an annual report, where applicable, interim and annual financial statements and the annual filing, where applicable, in lieu of an information circular, shall not apply to the Issuer in connection with public

offerings of mortgage pass-through certificates (“Certificates”) of the Issuer;

**AND WHEREAS**, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101-*Definitions* or Quebec Commission Notice 14-101;

**AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Ontario Securities Commission is the Principal Regulator for this application;

**AND WHEREAS** the Issuer has represented to the Decision Makers as follows:

1. The Issuer was incorporated under the laws of Canada on March 25, 2002 and is a wholly-owned subsidiary of GMAC Commercial Mortgage of Canada, Limited (“GMACCM Canada”).
2. The head office of the Issuer is located in Toronto, Ontario.
3. The Issuer is a special purpose corporation, the only securityholders of which, excluding GMACCM Canada, will be the holders of its Certificates.
4. The Issuer has offered and will offer mortgage pass-through certificates that entitle the holders thereof (the “Certificateholders”) to the cash flows of discrete pools of whole or participating interests in mortgages, hypothecs or other charges on real or immovable property situated in Canada, and all related assets (including the proceeds thereof and any related security) (collectively, “Assets”) that by their terms convert into cash within a finite time period, and any rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Certificates. The Certificates have been and will be sold to the public pursuant to short form prospectuses on the basis of an approved rating by an approved rating organization, as those terms are defined in National Instrument 44-101 - *Short Form Prospectus Distributions*, or any successor instrument thereto. The proceeds from the sale of Certificates will finance the purchase by the Certificateholders of undivided ownership interests in Assets.
5. As a special purpose corporation, the Issuer will not carry on any activities other than acquiring Assets and issuing Certificates.
6. The Issuer currently has and will have no material assets or liabilities other than its rights and obligations arising from acquiring Assets and issuing Certificates.
7. No director or officer of the Issuer or any associate thereof is indebted to the Issuer, nor has any director, officer, or any other insider, or any

associate or affiliate thereof, entered into a material contract with the Issuer, other than as previously disclosed in documents filed with the Decision Makers.

8. No insider of the Issuer, or associate or affiliate of such insider, has a direct or indirect interest in any transaction which has materially affected or which would materially affect the Issuer.
9. The auditors of the Issuer are PricewaterhouseCoopers LLP.
10. The information contained in the interim and annual financial statements of the Issuer is not and will not be relevant to the Certificateholders since such Certificateholders only have recourse to the Assets (or ownership interests therein) securing their series of Certificates and do not have any recourse to any other assets of the Issuer.
11. For each Offering, the Issuer and, among others, GMAC Commercial Mortgage Corporation, as master servicer (the "Master Servicer"), a Canadian trust company, as custodian on behalf of Certificateholders (the "Custodian") and a reporting agent (the "Reporting Agent") will enter into a pooling and servicing agreement (the "Pooling and Servicing Agreement") providing for the issuance of Certificates and governing the rights of Certificateholders. There is, however, a possibility that other parties acceptable to the rating agencies rating a particular series of Certificates may serve as Master Servicer.
12. Each Pooling and Servicing Agreement provides or will provide for certain administrative functions relating to the Certificates, such as maintaining a register of holders of Certificates and other duties specified in each Pooling and Servicing Agreement including the making of periodic reports to Certificateholders.
13. The Issuer, Master Servicer or Reporting Agent will provide, on the Reporting Agent's website to be identified in the relevant short form prospectus for the Certificates or in correspondence sent to Certificateholders, or otherwise as provided for in the relevant short form prospectus, the financial and other information prescribed therein to be delivered or made available to Certificateholders on a monthly basis, such information to include information relating to distributions made in that month, as well as Commercial Mortgage Securities Association reports that would be specified in the relevant short form prospectus, together with such additional information as may be prescribed by the Decision Makers (the "Distribution Date Statement"), authorized by the Issuer or on its behalf by its duly appointed representative, and will contemporaneously file or cause to be filed reasonably contemporaneously

therewith a summary of such information as contained in the Distribution Date Statement on the System for Electronic Document Analysis and Retrieval ("SEDAR").

14. Notwithstanding paragraph 13 hereof, the Issuer may amend the contents of the financial and other information posted on the website and filed on SEDAR in order not to disclose the names of individual obligors of Assets as may be required by confidentiality agreements or other obligations of confidentiality binding on the Issuer.
15. There will be no annual meetings of Certificateholders. Each Pooling and Servicing Agreement provides or will provide that only the holders of a certain percentage of Certificates of each series of the Issuer have the right to direct the Custodian to take certain actions under the Pooling and Servicing Agreement with respect to such series of Certificates.
16. On not less than an annual basis, the Issuer will request intermediaries to deliver a notice to Certificateholders pursuant to the procedures stipulated by National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, advising Certificateholders that the monthly information prescribed in paragraph 13 hereof, the quarterly information prescribed in paragraph 17 hereof and the annual information prescribed in paragraph 18 hereof is available on SEDAR and on a website, the website address, and that Certificateholders may request that paper copies of such reports be provided to them by ordinary mail.
17. Within 60 days of the end of each fiscal quarter of the Issuer (or such lesser period as may be required under applicable laws), the Reporting Agent or the Issuer or its duly appointed representative or agent will post on the applicable website or mail to Certificateholders who so request and will contemporaneously file on SEDAR management's discussion and analysis ("MD&A") with respect to the applicable pool of Assets included in the Issuer's Annual Information Form filed with the Decision Makers (as supplemented by any short form prospectuses filed by the Issuer during the intervening period).
18. Within 140 days of the end of each fiscal year of the Issuer (or such lesser period as may be required under applicable laws), the Reporting Agent or the Issuer or its duly appointed representative or agent will post on the applicable website or mail to Certificateholders who so request and will contemporaneously file on SEDAR:
  - (a) cumulative financial and other information as prescribed by the Decision Makers for the last completed fiscal year



with respect to the applicable pool of Assets;

- (b) MD&A with respect to the applicable pool of Assets included in the Issuer's Annual Information Form filed with the Decision Makers (as supplemented by any short form prospectuses filed by the Issuer during the intervening period);
- (c) an annual statement of compliance signed by a senior officer of each applicable Master Servicer or other party acting in a similar capacity on behalf of the Issuer for the applicable pool of Assets, certifying that the Master Servicer or such other party acting in a similar capacity has fulfilled all of its obligations under the related Pooling and Servicing Agreement during the year or, if there has been a default, specifying each such default and the status thereof; and
- (d) an annual accountants' report in form and content acceptable to the Decision Makers prepared by a firm of independent public or chartered accountants acceptable to the Decision Makers respecting compliance by the Master Servicer (or such other party acting in a similar capacity) with the Uniform Single Attestation Program or such other servicing standard acceptable to the Decision Makers.

- 19. The Issuer will issue press releases and file material change reports in accordance with the requirements of the Legislation in respect of material changes in its affairs and in respect of changes in the status (including defaults in payments due to Certificateholders), of the Assets underlying the Certificates which may reasonably be considered to be material to Certificateholders.
- 20. Fees payable in connection with the filing of annual financial statements will be paid at the time that, and in respect of, the annual financial information specified in paragraph 18 hereof is filed.
- 21. The provision of information to Certificateholders on a monthly, quarterly and annual basis as described in paragraphs 13, 17 and 18 hereof, as well as the annual notices to be given by the Issuer as to the availability of such information given pursuant to terms of paragraph 15 hereof will meet the objectives of allowing the Certificateholders to monitor and make informed decisions about their investment.

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

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

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the Issuer is exempted from the requirements of the Legislation concerning the preparation, filing and delivery of an annual report, where applicable, interim and annual financial statements and the annual filing, where applicable, in lieu of an information circular, provided that:

- (a) the only securities that the Issuer distributes to the public are Certificates;
- (b) the Issuer complies with paragraphs 13, 16, 17, 18, 19 and 20 hereof; and
- (c) the exemption from the requirements of the Legislation concerning the preparation, filing and delivery of an annual report, where applicable, and the annual filing, where applicable, in lieu of an information circular, shall terminate sixty days after the occurrence of a material change in any of the representations of the Issuer contained in paragraphs 5 through 8 inclusive hereof, unless the Issuer satisfies the Decision Makers that the exemption should continue.

October 16, 2002.

"Howard I. Wetston"

"Kerry D. Adams"

**2.1.4 Nabors Industries Ltd. et al. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – relief from registration and prospectus requirements in connection with statutory arrangement involving an exchangeable share structure where exemptions may not be available for technical reasons; first trade deemed a distribution unless made in accordance with specified provisions of Multilateral Instrument 45-102, Resale of Securities; and variation to a previous MRRS decision document.

**Ontario Statutes**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 24, 53, 74(1), 144(1).

**Multilateral Instruments**

Multilateral Instrument 45-102 Resale of Securities.

**Ontario Rules**

Rule 45-501 Exempt Distributions.

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

**AND**

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

**AND**

**IN THE MATTER OF  
NABORS INDUSTRIES LTD.,  
3064297 NOVA SCOTIA COMPANY,  
NABORS EXCHANGE CO (CANADA) INC. AND  
RYAN ENERGY TECHNOLOGIES INC.**

**MRRS DECISION DOCUMENT**

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Yukon Territory, Nunavut and the Northwest Territories (the "Jurisdictions") has received an application from Nabors Industries Ltd. ("Nabors"), 3064297 Nova Scotia Company ("Callco") and Nabors Exchangeco (Canada) Inc. ("Canco") (collectively, the "Applicant") for a decision pursuant to the securities legislation, regulations, rules, instruments and/or

policies of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file a preliminary prospectus and a prospectus and to obtain receipts therefor (the "Prospectus Requirement") shall not apply to certain trades and distributions of securities to be made in connection with an agreement to combine the businesses of Nabors and Ryan Energy Technologies Inc. ("Ryan") pursuant to a plan of arrangement (the "Arrangement") under Section 193 of the *Business Corporations Act* (Alberta) as amended (the "ABCA");

2. AND WHEREAS the Decision Makers issued a decision on April 18, 2002, *In the Matter of Nabors Industries, Inc. et al.* (the "Enserco Decision") under the Legislation exempting trades in certain securities by Nabors Industries, Inc. (the predecessor to Nabors), Callco and Canco and exempting Canco from, among other things, the requirements contained in the Legislation to issue a press release and file a report with the Decision Makers upon the occurrence of a material change, file and deliver an annual report, where applicable, interim and annual financial statements, information circulars and annual information forms and provide, where applicable, interim and annual management's discussion and analysis of financial conditions and results of operations (collectively the "Continuous Disclosure Requirements") and the Applicant has applied to the Decision Makers for a decision under the Legislation varying the Enserco Decision;
3. 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;
4. AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Québec Commission Notice 14-101;
5. AND WHEREAS the Applicant has represented to the Decision Makers that:
  - 5.1 Nabors is an exempted company organized and existing under the laws of Bermuda, with its registered office in Bridgetown, Barbados; Effective June 24, 2002, Nabors became the successor to Nabors Industries, Inc., a Delaware corporation ("Nabors Delaware"), following a corporate reorganization;
  - 5.2 the authorized capital of Nabors is US\$425,000, which consists of 425,000,000 shares of stock, par value US\$0.001 per share, of which 400,000,000 are common shares of Nabors ("Nabors Shares") and 25,000,000 are preferred shares, par value US\$0.001 per share;

- 5.3 the Nabors Shares are currently listed and posted for trading on the American Stock Exchange (the "AMEX") under the symbol "NBR";
- 5.4 as of August 20, 2002, there were 15 registered holders of Nabors Shares resident in Canada (out of a total of 2,209 registered holders) holding 878,274 Nabors Shares, representing approximately 0.608% of the total number of issued and outstanding Nabors Shares. As of September 6, 2002, there were 978 beneficial holders of Nabors Shares resident in Canada holding 334,414 Nabors Shares representing approximately 0.231% of the total number of issued and outstanding Nabors Shares;
- 5.5 on August 12, 2002, the day immediately prior to the Arrangement being publicly announced, the closing price for Nabors Shares was US\$31.29, representing a market capitalization of approximately US\$4.5 billion;
- 5.6 Nabors is subject to the reporting requirements of the *United States Securities Exchange Act of 1934*, as amended (the "1934 Act");
- 5.7 Nabors is not a reporting issuer in any of the Jurisdictions but anticipates becoming a reporting issuer, absent exemptive relief from the securities regulatory authority or regulator therein, in Alberta and Québec following, and as a consequence of, the completion of the Arrangement;
- 5.8 Callco is:
- 5.8.1 an indirect wholly-owned subsidiary of Nabors;
- 5.8.2 an unlimited liability company incorporated under the *Companies Act* (Nova Scotia) solely for the purpose of holding the various call rights associated with the exchangeable non-voting shares of Canco (the "Exchangeable Shares"); and
- 5.8.3 not a reporting issuer or the equivalent in any province or territory of Canada and does not intend to become a reporting issuer or the equivalent in any province or territory of Canada;
- 5.9 all of the issued and outstanding shares of Callco are and will be held indirectly by Nabors at all material times;
- 5.10 Nabors and Callco have applied to be deemed to have ceased to be reporting issuers after the Effective Time (as defined below) of the Arrangement;
- 5.11 Canco was incorporated under the *Canada Business Corporations Act* on March 8, 2002 for the purpose of implementing business combinations in Canada and issuing Exchangeable Shares in connection therewith, and has its registered office in Calgary, Alberta. The only business Canco has carried on prior to its involvement in the Arrangement was the arrangement involving Nabors Delaware, Canco, Calco and Enserco Energy Service Company Inc. on April 2002 (the "Enserco Arrangement");
- 5.12 the authorized capital of Canco consists of an unlimited number of common shares and an unlimited number of Exchangeable Shares;
- 5.13 as at August 31, 2002, there was one common share of Canco and 641,982 Exchangeable Shares issued and outstanding. All of the issued and outstanding common shares of Canco are and will continue to be held indirectly by Nabors as long as any outstanding Exchangeable Shares are owned by any person or entity other than Nabors or any of Nabors' subsidiaries;
- 5.14 Canco is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec;
- 5.15 the Exchangeable Shares are listed and posted for trading on TSX Inc. (the "TSX");
- 5.16 on January 22, 1993, Adesso Corporation was incorporated under the ABCA and on March 14, 1994, Adesso Corporation acquired all of the issued and outstanding shares of Ryan Energy Technologies Inc., a private Alberta Company, which was incorporated on October 30, 1991;
- 5.17 on April 1, 1994, Adesso Corporation and Ryan Energy Technologies Inc. amalgamated under the ABCA to continue under the name Ryan Energy Technologies Inc.;
- 5.18 the authorized capital of Ryan consists of an unlimited number of common shares ("Ryan Shares") and an unlimited number of preferred shares issuable in series, of which 22,716,848 Ryan Shares were issued and outstanding as of August 12, 2002. Up to an additional 565,566 Ryan Shares may be issued pursuant to outstanding in-the-money options ("Ryan Options") and up to 1,731,450 Ryan Shares may be issued pursuant to outstanding out-of-the-money Ryan Options;

- 5.19 the Ryan Shares are listed and posted for trading on the TSX under the symbol "RYN";
- 5.20 Ryan is a reporting issuer in Alberta, British Columbia, Manitoba, Ontario and Québec;
- 5.21 to the knowledge of the Applicant, Ryan is not in default of any requirements of the Legislation;
- 5.22 the Arrangement is subject to approval of the holders of Ryan Shares ("Shareholders"), and the holders of Ryan Options (collectively, the "Ryan Security Holders") and the Court of Queen's Bench of Alberta by virtue of a final order approving the Arrangement;
- 5.23 a meeting of the Ryan Security Holders (the "Ryan Meeting") has been scheduled for October 8, 2002 to consider and, if deemed appropriate, approve the Arrangement;
- 5.24 an information circular dated September 6, 2002 (the "Circular") prepared in accordance with the Legislation was mailed to the Ryan Security Holders on September 10, 2002 in connection with the Ryan Meeting and filed with each of the Decision Makers concurrently therewith;
- 5.25 the Circular contains or incorporates by reference prospectus-level disclosure concerning the Arrangement and the business and affairs of both Nabors and Ryan as well as certain historical financial information regarding both Nabors and Ryan;
- 5.26 at the Ryan Meeting, each Shareholder will be entitled to one vote for each Ryan Share held, and each holder of Ryan Options will be entitled to one vote for each Ryan Share such holder would receive on a valid exercise thereof;
- 5.27 subject to the satisfaction or waiver of all closing conditions, including the receipt of all regulatory approvals, it is currently anticipated that the Arrangement will be completed on or about October 9, 2002;
- 5.28 under the terms of the Arrangement, at the effective time (the "Effective Time") on the date shown on the registration statement issued upon filing Articles of Arrangement under the ABCA giving effect to the Arrangement (the "Effective Date"):
- 5.28.1 each Ryan Share that is not held by either a Shareholder who has exercised its dissent right and who is ultimately entitled to be paid the fair value of its Ryan Shares, or by Nabors or any affiliate thereof, will be transferred to, and acquired by, Canco, in exchange for, at the Shareholder's election (or deemed election): (a) Cdn. \$1.85 (the "Per Share Price"); or (b) such number of fully paid and non-assessable Exchangeable Shares as is determined pursuant to an Exchange Ratio (as defined in paragraph 5.29);
- 5.28.2 each Ryan Share in respect of which no election or no effective election has been made by the Shareholder (other than Ryan Shares held by (i) a Shareholder who has exercised its dissent right and is ultimately entitled to be paid the fair market value of its Ryan Shares, or (ii) Ryan or any affiliate) will be transferred to, and acquired by, Canco without any act or formality on the part of the Shareholder or Canco, free and clear of all liens, claims and encumbrances, and the Shareholder shall be deemed to have elected to receive in exchange therefor the Per Share Price in cash; and
- 5.28.3 each Ryan Option that has not been duly exercised or surrendered for termination prior to the Effective Time shall be terminated and, in consideration for such termination, each holder of such Ryan Option shall receive cash, without interest, in an amount equal to the greater of: (A) the positive difference, if any, between (i) the product of the Per Share Price and the number of Ryan Shares that are subject to issuance upon the exercise of such Ryan Option, and (ii) the cash exercise price of such Ryan Option; and (B) Cdn.\$0.10, for each Ryan Share subject to such issuance;
- 5.29 the "Exchange Ratio" will be determined by dividing the Per Share Price by the simple average of the weighted average trading price of Nabors Shares on the AMEX over 3 consecutive trading days ending on the third Business Day prior to the date of the Ryan Meeting (the "Measurement Period") using a currency exchange rate of Canadian dollars to U.S. dollars equal to the average of the noon-buying rates in New York City for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York for each trading day in the Measurement Period. The "Simple Average of the Weighted Average Trading Price" is determined by dividing the aggregate sale price of all Nabors Shares sold on the AMEX

- during the Measurement Period by the total number of Nabors Shares sold;
- 5.30 upon the completion of the Arrangement, all of the issued and outstanding Ryan Shares will be held directly or indirectly by Nabors and its affiliates;
- 5.31 it is expected that the Ryan Shares will be delisted from the TSX on or after the Effective Date. Ryan will continue to be a reporting issuer or the equivalent thereof, absent exemptive relief from the securities regulatory authority or regulator therein, in Alberta, British Columbia, Manitoba, Ontario and Québec;
- 5.32 Nabors will apply to the AMEX to list the Nabors Shares to be issued in exchange for the Exchangeable Shares;
- 5.33 the rights, privileges, conditions and restrictions attaching to the Exchangeable Shares (the "Exchangeable Share Provisions"), the terms and conditions of the voting and exchange trust agreement between Nabors Delaware, Canco and Computershare Trust Company of Canada (the "Trustee") dated April 26, 2002 (the "Voting and Exchange Trust Agreement") and the terms and conditions of the support agreement between Nabors Delaware, Callco and Canco dated April 26, 2002 (the "Support Agreement") are described in the Circular. Nabors became a party to the Voting and Exchange Trust Agreement and the Support Agreement by a novation agreement dated June 24, 2002;
- 5.34 the Exchangeable Shares will be issued by Canco and are exchangeable at any time after the Effective Date (subject to earlier redemption in accordance with the Arrangement), on a one-for-one basis, at the option of the holder, for Nabors Shares. An Exchangeable Share provides a holder with economic terms and voting rights which are, as nearly as practicable, equivalent to those of a Nabors Share;
- 5.35 the Arrangement involves or may involve, a number of trades and/or distributions of securities (collectively, the "Trades"), in respect of which there may be no registration or prospectus exemptions available under the securities legislation of the Jurisdictions, other than British Columbia, including, without limitation, the issuance of the Exchangeable Shares; the issuance of Nabors Shares upon the exchange of Exchangeable Shares; the creation and exercise of all the various rights under the Voting and Exchange Trust Agreement, Support Agreement and Exchangeable Share Provisions; and the issuance of shares of Nabors and its affiliates (including Canco and Callco) in connection with the Arrangement;
- 5.36 the fundamental investment decision to be made by a Ryan Security Holder will be made at the time when such holder votes in respect of the Arrangement. As a result of this decision, unless Exchangeable Shares are sold in the market, a holder (other than a dissenting Shareholder) will ultimately receive Nabors Shares in exchange for the Ryan Shares held by such holder. The use of the Exchangeable Shares will provide certain Canadian tax benefits to certain Canadian holders but will otherwise be, as nearly as practicable, the economic and voting equivalent of the Nabors Shares. As such, all subsequent exchanges of Exchangeable Shares stem from the holder's initial investment decision;
- 5.37 as a result of the economic and voting equivalency in all material respects between the Exchangeable Shares and the Nabors Shares, holders of Exchangeable Shares will have an equity interest determined by reference to Nabors, rather than Canco. Dividend and dissolution entitlements will be determined by reference to the financial performance and condition of Nabors, not Canco. Accordingly, it is the information relating to Nabors, not Canco, that will be relevant to the holders of Exchangeable Shares;
- 5.38 the Circular discloses that Nabors and Canco have applied for relief from the Registration Requirement and Prospectus Requirement and Insider Reporting Requirements for insiders of Canco. The Circular also identifies the limitations imposed on any resale of Exchangeable Shares or Nabors Shares and the continuous disclosure that will be provided to holders of Exchangeable Shares if the requested relief is granted;
- 5.39 upon completion of the Arrangement, assuming a maximum exchange ratio ("Exchange Ratio") of 0.0367 (based upon the weighted average trading price of Nabors Shares on October 1, 2002 converted from US dollars to Canadian dollars, based upon the average exchange rate on such date) and assuming that Exchangeable Shares are considered to be Nabors Shares, the beneficial holders of Nabors Shares resident in Canada will hold approximately 0.9% of the issued and outstanding Nabors Shares (calculated based upon the number of Nabors Shares held by residents of Canada, as set out above, the election of Ryan Shareholders

holding 9,082,675 Ryan Shares as of September 30, 2002 (the election deadline) to receive either Exchangeable Shares or Nabors Shares and on the assumption that all such electing Ryan Shareholders are residents of Canada);

5.40 following completion of the Arrangement, Nabors will concurrently send to holders of Exchangeable Shares or Nabors Shares resident in the Jurisdictions all disclosure material it sends to holders of Nabors Shares resident in the United States pursuant to the 1934 Act;

#### Varying the Enserco Decision

5.41 paragraph 6.4 of the Enserco Decision provides that the Continuous Disclosure Requirements shall not apply to Canco so long as certain conditions are met including that Canco not issue any securities to the public other than the exchangeable non-voting shares of Canco issued pursuant to the Enserco Arrangement;

5.42 under the Arrangement, Canco is required to issue Exchangeable Shares to certain Ryan Shareholders who elect to receive Exchangeable Shares and as this issuance will contravene the Enserco Decision, the Enserco Decision must be varied to allow this issuance;

5.43 in addition to continuing to comply with the Enserco Decision:

5.43.1 Nabors will send concurrently to all holders of Exchangeable Shares and Nabors Shares resident in Canada (including, following the Effective Time, to former Shareholders who elect to receive Exchangeable Shares pursuant to the Arrangement) all disclosure material furnished to holders of Nabors Shares resident in the United States, including, without limitation, copies of its proxy solicitation materials and its annual financial statements, which financial statements will be prepared solely in accordance with US GAAP;

5.43.2 Canco will comply with the material change reporting requirements in respect of material changes in the affairs of Canco that would be material to holders of Exchangeable Shares but would not be material to holders of Nabors Shares; and

5.43.3 Nabors will include in all future mailings of proxy solicitation materials (if any) to holders of Exchangeable Shares a clear and concise statement explaining the reason for the mailed material being solely in relation to Nabors and not in relation to Canco, such statement to include a reference to the economic equivalency between the Exchangeable Shares and the Nabors Shares and the right to direct voting at Nabors' shareholders' meetings pursuant to the Voting and Exchange Trust Agreement (without taking into account tax effects);

5.44 the policy rationale underlying the relief from the Continuous Disclosure Requirements provided to Canco in the Enserco Decision is equally applicable to issuances of Exchangeable Shares to the Ryan Shareholders; and

5.45 Nabors and Canco are not in default of any requirements of the Legislation;

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

7. 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;

8. AND WHEREAS the decision of the Decision Makers under the Legislation is that:

8.1 except in British Columbia:

8.1.1 the Registration Requirement and Prospectus Requirement shall not apply to the Trades;

8.1.2 the first trade in Exchangeable Shares acquired in connection with the Arrangement shall be deemed to be a distribution or primary distribution to the public under the Legislation of the Jurisdiction in which the trade takes place, unless:

8.1.2.1 except in Québec:

8.1.2.1.1 the conditions in subsections (3) or (4) of Section 2.6 of Multilateral Instrument 45-102 Resale of Securities

- ("MI 45-102")  
are satisfied;  
and provided  
further that, in  
determining the  
period of time  
that Canco has  
been a reporting  
issuer for the  
purposes of  
Section 2.6 of  
MI 45-102, the  
period of time  
that Ryan has  
been a reporting  
issuer may be  
included; or
- 8.1.2.1.2 where such first  
trade is a  
"control  
distribution" as  
such term is  
defined in  
MI 45-102, such  
trade is made in  
compliance with  
Sections 2.8 of  
MI 45-102; and  
provided further  
that, in  
determining the  
period of time  
that Canco has  
been a reporting  
issuer for the  
purposes of  
Section 2.8 of  
MI 45-102, the  
period of time  
that Ryan has  
been a reporting  
issuer may be  
included; and  
the period of  
time that a  
holder of  
Exchangeable  
Shares (or an  
affiliated or  
controlled entity  
of such holder)  
held Ryan  
Shares shall be  
included in the  
calculation of  
the hold period);
- 8.1.2.2 in Québec:
- 8.1.2.2.1 Canco or one of  
the parties to  
the
- Arrangement  
(including, for  
greater  
certainty, Ryan)  
is and has been  
a reporting  
issuer in  
Québec in good  
standing for the  
twelve months  
immediately  
preceding the  
first trades (and  
for the purpose  
of determining  
the period of  
time that the  
issuer or one of  
the parties to  
the  
Arrangement  
has been a  
reporting issuer  
in Québec, the  
period of time  
that Ryan was a  
reporting issuer  
may be  
included);
- 8.1.2.2.2 no unusual  
effort is made to  
prepare the  
market or to  
create a  
demand for the  
Exchangeable  
Shares;
- 8.1.2.2.3 no extraordinary  
commission or  
consideration is  
paid to a person  
or company in  
respect of the  
trade; and
- 8.1.2.2.4 if the selling  
Exchangeable  
Shareholder is  
an insider or  
officer of Nabors  
or Canco, the  
selling  
Exchangeable  
Shareholder has  
no reason to  
believe that  
Nabors or  
Canco are in  
default of the  
legislation.

- 8.1.3 the first trade in Nabors Shares acquired in connection with the Arrangement shall be deemed to be a distribution or primary distribution to the public under the Legislation unless, at the time of the trade:
- 8.1.3.1 except in Québec:
- 8.1.3.1.1 if Nabors is a reporting issuer in any Jurisdiction listed in Appendix B to MI 45-102 other than Québec, the conditions in subsections (3) or (4) of Section 2.6 of MI 45-102 are satisfied; and for the purpose of determining the period of time that Nabors has been a reporting issuer under Section 2.6, the period of time that Ryan has been a reporting issuer may be included; or
- 8.1.3.1.2 if Nabors is not a reporting issuer in any Jurisdiction other than Québec, such first trade is made through an exchange, or a market, outside of Canada; and
- 8.1.3.2 in Québec:
- 8.1.3.2.1 Nabors or one of the parties to the Arrangement (including, for greater certainty, Ryan) is and has been a reporting issuer in Québec in good standing for the
- twelve months immediately preceding the first trades (and for the purpose of determining the period of time that the issuer or one of the parties to the Arrangement has been a reporting issuer in Québec, the period of time that Ryan was a reporting issuer may be included);
- 8.1.3.2.2 no unusual effort is made to prepare the market or to create a demand for the Nabors Shares;
- 8.1.3.2.3 no extraordinary commission or consideration is paid to a person or company in respect of the trade; and
- 8.1.3.2.4 if the selling Exchangeable Shareholder is an insider or officer of Nabors or Cancor, the selling Exchangeable Shareholder has no reason to believe that Nabors or Cancor are in default of the legislation;
- 8.2 the Enserco Decision be varied by:
- 8.2.1 deleting the condition to the relief from the Continuous Disclosure Requirements at paragraph 6.4.7 in the Enserco Decision; and
- 8.2.2 inserting the following as paragraph 6.4.7 in the Enserco Decision:



6.4.7 Canco does not issue any securities to the public other than exchangeable shares in connection with the arrangements involving Canco and Enserco Energy Service Company Inc. and Canco and Ryan Energy Technologies Inc.

October 8, 2002.

“Stephen P. Sibold”

“Eric T. Spink”

## 2.1.5 Desjardins Investment Management Inc. and Héloïse Tassé - Decision

### Headnote

Decision pursuant to section 4.1 of Ontario Securities Commission (OSC) Rule 31-505 (the Rule) exempting applicants from the requirement under subsection 1.3(3) of the Rule subject to certain terms and conditions.

### Statutes Cited

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

### Rules Cited

OSC Rule 31-505 (1999) 22 O.S.C.B. 731, ss. 1.3(2), ss. 1.3(3), s. 4.1.  
OSC Rule 31-502 (2000) 23 O.S.C.B. 5658.

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

**AND**

**IN THE MATTER OF  
DESJARDINS INVESTMENT MANAGEMENT INC. and  
HELOISE TASSE**

**DECISION  
(Rule 31-505)**

**UPON** the application of Desjardins Investment Management Inc. (**DIM**) and Héloïse Tassé (together, the **Applicants**) pursuant to section 4.1 of Ontario Securities Commission Rule 31-505 – *Conditions of Registration* (the **Registration Rule**) for an exemption from the requirement under subsection 1.3(3) of the Registration Rule that Ms. Tassé meet certain proficiency requirements under Ontario Securities Commission Rule 31-502 – *Proficiency Requirements for Registrants* (the **Proficiency Rule**) in order for supervisory functions, other than the supervisory functions enumerated in subsection 1.3(2) of the Registration Rule, to be delegated to Ms. Tassé by the designated compliance officer of DIM (the **Application**);

**AND UPON** considering the Application;

**AND UPON** the Applicants having represented to the Director that:

1. DIM is registered with the Ontario Securities Commission as an adviser in the category of investment counsel and portfolio manager.
2. Ms. Tassé has worked in the securities industry for approximately 17 years, 14 of them in a compliance role.
3. Ms. Tassé has completed the Canadian Securities Course and the Partners, Directors and Senior Officers Qualifying Examination.

4. Ms. Tassé was a member of the Investment Dealers Association.
5. Ms. Tassé has been with the DIM organization since 2001, and since been appointed Compliance Officer of DIM. Prior to her appointment at DIM, Ms. Tassé acted as Vice-President of Corporate Finance at Laurentian Bank Securities, advising corporations on raising new capital and overseeing public distribution of new issues of securities. While with Tassé & Associés, Limitée, Ms. Tassé had full responsibility as Director, Vice-President of Corporate Finance and as Compliance Officer. Ms. Tassé was also a Corporate Finance Officer at the Quebec Securities Commission.
6. Ms. Tassé does not, however, meet the qualification criteria in subsection 1.3(3) of the Registration Rule to be delegated supervisory functions by the designated compliance officer of DIM.
7. The designated compliance officer of DIM will not delegate and Ms. Tassé will not assume the supervisory functions enumerated in subsection 1.3(2) of the Registration Rule.

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

**NOW THEREFORE**, pursuant to section 4.1 of the Registration Rule, the Director hereby exempts the Applicants from the requirement of subsection 1.3(3) of the Registration Rule that Ms. Tassé meet the proficiency requirements of the Proficiency Rule in order for Ms. Tassé to be delegated supervisory functions by the designated compliance officer of DIM;

**PROVIDED THAT:**

- (A) The designated compliance officer of DIM shall not delegate and Ms. Tassé shall not assume the supervisory functions enumerated in subsection 1.3(2) of the Registration Rule; and
- (B) If the proficiency requirements applicable to compliance officer's delegates of registrants in the categories of investment counsel and portfolio manager are amended, the relief provided for in this Decision will terminate one year following the date such amendment comes into effect, unless the Director determines otherwise.

October 21, 2002.

"David M. Gilkes"

**2.1.6 The Thomson Corporation PLC - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Issuer has only one beneficial holder of equity securities and one holder of debt - issuer deemed to have ceased being a reporting issuer.

**Applicable Ontario Statutory Provisions**

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

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ALBERTA, SASKATCHEWAN, ONTARIO,  
NEW BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND,  
YUKON, AND NUNAVUT**

**AND**

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

**AND**

**IN THE MATTER OF  
THE THOMSON CORPORATION PLC**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the Decision Maker) in each of Alberta, Saskatchewan, Ontario, New Brunswick, Nova Scotia, Newfoundland, Yukon, and Nunavut (the Jurisdictions) has received an application from The Thomson Corporation PLC (TTCP), a wholly-owned indirect subsidiary of The Thomson Corporation (TTC and, together with TTCP, the Filer) for a decision under the securities legislation of the Jurisdictions (the Legislation) that TTCP be deemed to have ceased to be a reporting issuer in each of the Jurisdictions;

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

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

1. TTCP is a corporation incorporated under the laws of England.
2. On December 22, 1994, TTCP replaced TTC (1994) Limited (formerly The Thomson Corporation PLC) (Old TTCP) as the principal United Kingdom holding company of the United Kingdom subsidiaries of TTC pursuant to a reorganization implemented in part by a statutory Scheme of Arrangement (the Arrangement) under

section 425 of the United Kingdom *Companies Act, 1985*. On December 22, 1994, Old TTCP was a reporting issuer or the equivalent thereof in all of the Jurisdictions. By virtue of the Arrangement and Old TTCP's reporting issuer status, TTCP became a reporting issuer or the equivalent thereof in all of the Jurisdictions.

3. TTCP is presently a reporting issuer or the equivalent thereof in all of the Jurisdictions and, to its knowledge, TTCP is not in default of any requirements of the Legislation.
4. The head office of TTCP is located in the United Kingdom and the head office of TTC is in Ontario.
5. On June 17, 2002 (the Redemption Date), TTCP redeemed all of its ordinary shares of 1p (sterling) (the 1p shares) under then outstanding by payment in sterling of a redemption price of 1p per share, being the par value of the 1p Shares. Prior to the Redemption Date, each 1p Share, together with a related common share of TTC, was listed as a unit on the LSE and each 1p Share was only transferable with a related common share of TTC. At the close of trading on the Redemption Date, all of the units representing 1p Shares linked with a common share of TTC were delisted from the LSE.
6. The issued and outstanding capital of TTCP consists of ordinary shares of 4p (sterling) (Ordinary Shares) and 6% non-cumulative preference shares of 96p (sterling) (Preference Shares).
7. All of the outstanding Ordinary Shares and Preference Shares are held indirectly by TTC through two subsidiaries (the TTC Subsidiaries). The TTC Subsidiaries are the sole shareholders of TTCP and consented to the making of an application for a decision to deem TTCP to have ceased to be a reporting issuer.
8. No securities of TTCP listed or quoted on any exchange or market.
9. TTCP does not intend to seek public financing by way of a public offering of its securities.
10. TTCP has no securities outstanding other than the Ordinary Shares and Preference Shares held indirectly by TTC and debt held by an affiliate of TTCP.

**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 TTCP is deemed to have ceased to be a reporting issuer or the equivalent under the Legislation.

October 18, 2002.

“John Hughes”

2.2 Orders

2.2.1 Edward Carl Blasiak - ss. 127 and 127.1

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

**AND**

**IN THE MATTER OF  
EDWARD CARL BLASIAK**

**ORDER  
(Sections 127 and 127.1)**

(5) pursuant to clause 8 of subsection 127(1) of the Act, Blasiak is prohibited from becoming or acting as an officer or director of any reporting issuer in Ontario or an officer or director of any issuer which has an interest directly or indirectly in any registrant, for a period of five years effective the date of this Order; and

(6) pursuant to clause 6 of subsection 127(1) of the Act, Blasiak is reprimanded.

October 17, 2002.

"H. Lorne Morphy"

"Harold P. Hands"

**WHEREAS** on October 11, 2002 the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act* (the "Act") in respect of Edward Carl Blasiak ("Blasiak");

**AND WHEREAS** Blasiak entered into a settlement agreement dated October 11, 2002 (the "Settlement Agreement") wherein he agreed to a proposed settlement of the proceeding, subject to the approval of the Commission, and wherein he provided to the Commission a written undertaking never to apply for registration in any capacity under Ontario securities law;

**AND UPON** reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission, and upon hearing submissions from the respondent and from Staff of the Commission;

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

**IT IS ORDERED THAT:**

- (1) the Settlement Agreement dated October 11, 2002, attached to this Order, is hereby approved;
- (2) pursuant to clause 1 of subsection 127(1) of the Act, the registration of Blasiak is terminated;
- (3) pursuant to clause 2 of subsection 127(1) of the Act, Blasiak shall cease trading in securities for a period of five years effective 30 days from the date of this Order;
- (4) pursuant to clause 7 of subsection 127(1) of the Act, Blasiak shall resign his position as an officer or director of any reporting issuer in Ontario in which he holds the position of officer or director and as an officer or director of any issuer which has an interest directly or indirectly in any registrant effective the date of this Order;

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

**AND**

**IN THE MATTER OF  
EDWARD CARL BLASIAK**

**SETTLEMENT AGREEMENT**

**I INTRODUCTION**

1. By Notice of Hearing dated October 11, 2002 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), in the opinion of the Commission, it is in the public interest for the Commission:
  - (a) to make an order pursuant to section 127(1) clause 2 of the Act that trading in securities by Edward Carl Blasiak ("Blasiak") cease permanently or for such other period as specified by the Commission;
  - (b) to make an order pursuant to section 127(1) clause 1 of the Act that the registration of Blasiak be suspended for such period as is specified in the Order or be terminated, or that terms and conditions be imposed on the registration of Blasiak;
  - (c) to make an order pursuant to section 127(1) clause 7 of the Act that Blasiak resign one or more positions which Blasiak may hold as an officer or director of any issuer;
  - (d) to make an order pursuant to section 127(1) clause 8 of the Act that Blasiak is prohibited from becoming or acting as a director or officer of any issuer permanently or for such other period as specified by the Commission;
  - (e) to make an order pursuant to section 127(1) clause 6 of the Act that Blasiak be reprimanded;
  - (f) to make an order pursuant to section 127.1 of the Act that Blasiak pay the costs of Staff's investigation and the costs of, or related to, this proceeding, incurred by or on behalf of the Commission; and
  - (g) to make such other order as the Commission considers appropriate.

**II JOINT SETTLEMENT RECOMMENDATION**

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceedings initiated in respect of the respondent by the Notice of Hearing in accordance with the terms and conditions set out below. The respondent agrees to the settlement on the basis of the facts agreed to as hereinafter provided and the respondent consents to the making of an Order in the form attached as Schedule "A" on the basis of the facts set out below.
3. This settlement agreement, including the attached Schedule "A" (collectively, the "Settlement Agreement"), will be released to the public only if and when the settlement is approved by the Commission.

**III FACTS**

**Acknowledgement**

4. Staff and the respondent agree with the facts and conclusions set out in Part III of the Settlement Agreement.

**Introduction**

5. During the Material Time (as described below), Blasiak was registered as a registered representative under Ontario securities law. Blasiak has not been registered in any capacity under the Act since March 26, 2001. During the Material Time, Blasiak was employed with Goepel McDermid Inc. ("Goepel McDermid"), a registered dealer and a member of the Investment Dealers Association of Canada (the "IDA").
6. During the period from May 1995 to May 1999 (the "Material Time"), Blasiak was the registered representative for approximately 45 accounts (the "Accounts") held at Goepel McDermid in the name of Britwirth Investment Company, Ltd. ("Britwirth"), Fulton Park Limited ("Fulton Park") and Wifsta Ltd. ("Wifsta").
7. Britwirth was incorporated pursuant to the laws of the Turks and Caicos Islands. Fulton Park and Wifsta were incorporated pursuant to the laws of the Isle of Man. Britwirth, Fulton Park and Wifsta have not been registered in any capacity under the Act.
8. During the Material Time, Blasiak received trading instructions from James Frederick Pincock ("Pincock") on behalf of Britwirth, Fulton Park and Wifsta. On August 27, 2002, the Commission approved a settlement agreement between Staff of the Commission and Pincock dated August 23, 2002, the terms of which are set out therein.

**Conduct of Blasiak Contrary to the Requirements of Ontario Securities Law**

9. During the Material Time, in his capacity as the registered representative for the Accounts, Blasiak assisted Britwirth, Fulton Park and Wifsta in making trades, where such trading was a distribution of such securities, without having filed a preliminary prospectus and a prospectus, and obtaining receipts therefor from the Director, as required by section 53(1) of the Act, and without registration contrary to section 25(1) of the Act.

10. In particular, Britwirth, Fulton Park and Wifsta received funds from investors in Ontario and elsewhere to purchase securities in at least six companies, including, Royal Laser Tech Corporation ("Royal Laser"), Champion Communication Services Inc. ("Champion"), Leisure Canada Inc., Indocan Resources Inc., Pacific Concorde Capital Inc. (collectively, referred to as the "Companies"). Funds in excess of CAD 1,000,000 and in excess of USD 550,000 received from at least 130 investors were deposited in the Accounts for the purpose of purchasing securities in the Companies. Investors purchased securities in the Companies through pooling and subscription agreements entered into between the investors and Britwirth, Fulton Park or Wifsta (the "Agreements").

11. During the Material Time, certain investors who purchased securities in the Companies held individual accounts with Goepel McDermid. Blasiak was the registered representative for these clients, as well as Britwirth, Fulton Park and Wifsta.

12. During the Material Time, Blasiak assisted Britwirth, Fulton Park and Wifsta in making trades contrary to the prospectus and registration requirements of Ontario securities law, the particulars of which are as follows:

- (a) Blasiak was the registered representative responsible for the opening of the Accounts held in the name of Britwirth, Fulton Park and Wifsta;
- (b) numerous third party cheques of individual investors were deposited into the Accounts for the purchase of the securities in the Companies;
- (c) on a number of occasions, the principal of Britwirth, Fulton Park or Wifsta instructed Blasiak to transfer securities from the Accounts to the accounts of individual investors held at either Goepel McDermid or accounts held with other brokerage firms, without using the facilities of the Toronto Stock Exchange. In the case of accounts of individual

investors held at Goepel McDermid, Blasiak was also the registered representative for these clients;

- (d) in some instances, Blasiak acted as a witness for the signatories, either the investor or Britwirth, in respect of the subscription or pooling agreements described above;
- (e) in some instances, Blasiak participated in the pooling arrangement by purchasing shares from Britwirth on behalf of himself or his spouse in relation to several of the Companies noted above; and
- (f) Blasiak did not inform Goepel McDermid or its compliance department that he was assisting Britwirth, Fulton Park or Wifsta in making trades contrary to the prospectus and registration requirements contained in Ontario securities law, as described above.

13. Further, Blasiak failed to advise all of his clients who purchased securities in the Companies from Britwirth, Fulton Park or Wifsta, that they purchased these securities without the benefit of a prospectus or any exemption from the prospectus requirements contained in Ontario securities law.

14. Following the commencement of the investigation by Staff of the Commission in relation to the matters described herein, Blasiak was instructed by the compliance department of Goepel McDermid to close the Accounts.

**Conduct Contrary To The Public Interest**

15. In his capacity as the registered representative for the Accounts, Blasiak acted contrary to the public interest as described above by assisting Britwirth, Fulton Park and Wifsta in making trades where such trading was a distribution of securities, contrary to the prospectus and registration requirements contained in Ontario securities law.

16. Blasiak failed to deal fairly, honestly and in good faith with his clients, in breach of the requirements set out in Ontario securities law and in particular, subsections 2.1(1) and (2) of Rule 31-505 in failing to advise all of his clients who purchased securities in the Companies from any of Britwirth, Fulton Park or Wifsta, that they purchased these securities without the benefit of a prospectus or any exemption from the prospectus requirements contained in Ontario securities law.

**Other Matters**

17. On September 28, 1998, the Ontario District Council of the IDA approved a settlement agreement entered into between the IDA and

Blasiak imposing disciplinary penalties on Blasiak, the terms of which are set out in IDA Bulletin #2521 dated October 14, 1998 (the "Bulletin"). As stated in the Bulletin, pursuant to the settlement agreement Blasiak admitted that he failed to ensure that orders for the accounts of customers of McDermid St. Lawrence Chisholm Ltd. were given priority over all other orders executed on behalf of the firm contrary to IDA Regulation 1300.17.

**IV TERMS OF SETTLEMENT**

18. The respondent agrees to the following terms of settlement:
- (a) pursuant to clause 1 of subsection 127(1) of the Act, the registration of Blasiak is terminated;
  - (b) pursuant to clause 2 of subsection 127(1) of the Act, Blasiak will cease trading in securities for a period of five years, effective 30 days following the date of the Order of the Commission approving the proposed settlement agreement herein;
  - (c) pursuant to clause 7 of subsection 127(1) of the Act, Blasiak is required to resign his position as an officer or director of any registrant in Ontario, his position as an officer or director of any issuer in Ontario which has an interest directly or indirectly in any registrant, or his position as officer or director of any reporting issuer, in which he holds the position of officer or director effective the date of the Order of the Commission approving the proposed settlement agreement herein;
  - (d) pursuant to clause 8 of subsection 127(1) of the Act, Blasiak is prohibited from becoming or acting as an officer or director of a registrant, an officer or director of any issuer in Ontario which has an interest directly or indirectly in any registrant, or an officer or director of any reporting issuer in Ontario, for a period of five years effective the date of the Order of the Commission approving the proposed settlement agreement herein;
  - (e) Blasiak undertakes never to apply for registration in any capacity under Ontario securities law;
  - (f) Blasiak agrees to be reprimanded by the Commission under clause 6 of subsection 127(1) of the Act; and
  - (g) Blasiak will attend, in person, the hearing before the Commission to consider the proposed settlement, or such other date

as may be agreed to by the parties for the scheduling of the hearing to consider the proposed settlement.

**V STAFF COMMITMENT**

19. If this Settlement Agreement is approved by the Commission, Staff will not initiate any complaint to the Commission or request the Commission to hold a hearing or issue any order in respect of any conduct or alleged conduct of the respondent in relation to the facts set out in Part III of this Settlement Agreement.

**VI PROCEDURE FOR APPROVAL OF SETTLEMENT**

20. The approval of the settlement as set out in the Settlement Agreement shall be sought at a public hearing before the Commission in accordance with the procedures described herein and such further procedures as may be agreed upon between Staff and the respondent.
21. If this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting the respondent in this matter and the respondent agrees to waive any right to a full hearing and appeal of this matter under the Act.
22. If this Settlement Agreement is approved by the Commission, the parties to this Settlement Agreement will not make any statement that is inconsistent with this Settlement Agreement.
23. If, for any reason whatsoever, this settlement is not approved by the Commission, or the Order set forth in Schedule "A" is not made by the Commission:
- (a) each of Staff and the respondent will be entitled to proceed to a hearing of the allegations in the Notice of Hearing and related Statement of Allegations unaffected by the Settlement Agreement or the settlement negotiations;
  - (b) the terms of the Settlement Agreement will not be raised in any other proceeding or disclosed to any person except with the written consent of Staff and the respondent or as may be otherwise required by law; and
  - (c) the respondent agrees that he will not raise in any proceeding the Settlement Agreement or the negotiation or process of approval thereof as a basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.

24. If, prior to the approval of this Settlement Agreement by the Commission, there are new facts or issues of substantial concern, in the view of Staff, regarding the facts set out in Part III of this Settlement Agreement, Staff will be at liberty to withdraw from this Settlement Agreement. Notice of such intention will be provided to the respondent in writing. In the event of such notice being given, the provisions of paragraph 20 in this part will apply as if this Settlement Agreement had not been approved in accordance with the procedures set out herein.

**VII DISCLOSURE OF SETTLEMENT AGREEMENT**

25. Staff or the respondent may refer to any part or all of this Settlement Agreement in the course of the hearing convened to consider this agreement. Otherwise, this Settlement Agreement and its terms will be treated as confidential by all parties to the Settlement Agreement until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission.

26. Any obligation as to confidentiality shall terminate upon the approval of this Settlement Agreement by the Commission.

**VIII EXECUTION OF SETTLEMENT AGREEMENT**

27. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

October 11, 2002.

“Edward Carl Blasiak”  
Edward Carl Blasiak

“Michael Watson”  
Staff of the Ontario Securities Commission  
(Per) Michael Watson

**2.2.2 Carlin Equities Corp. - s. 211 of Reg. 1015**

**Headnote**

Application in connection with application for registration as an international dealer, for an order pursuant to section 211 of Regulation 1015 exempting the applicant from the requirement in subsection 208(2) of the Regulation that it carry on the business of an underwriter in a country other than Canada to be able to register in Ontario as an international dealer.

**Statutes Cited**

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

**Regulations Cited**

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

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

**AND**

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

**AND**

**IN THE MATTER OF  
CARLIN EQUITIES CORP.**

**ORDER**

**(Section 211 of the Regulation)**

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

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

**AND UPON** the Applicant having represented to the Commission that:

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



2. The Applicant is a corporation formed under the laws of the State of New York, United States of America, and has its principal place of business at 1270 Avenue of the Americas, New York, New York, USA.
3. The Applicant is registered as a broker-dealer with the United States Securities and Exchange Commission (the "SEC"), and with the appropriate state securities authority in state jurisdictions of the United States and the District of Columbia. The Applicant is also a member of the National Association of Securities Dealers (the "NASD").
4. The Applicant's principal business is confined primarily to providing securities executions to customers and registered traders.
5. The Applicant does not currently act as an underwriter in the United States. The Applicant does not currently act as an underwriter in any other jurisdiction outside of the United States.
6. In the absence of the relief requested in this Application, the Applicant would not meet the requirements of the Regulation for registration as a dealer in the category of "international dealer" as it does not carry on the business of an underwriter in a country other than Canada.
7. The Applicant does not now act as an underwriter in Ontario and will not act as an underwriter in Ontario if it is registered under the Act as an "international dealer", despite the fact that subsection 100(3) of the Regulation provides that an "international dealer" is deemed to have been granted registration as an underwriter for the purposes of permitted distributions.

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

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

- (a) the Applicant carries on the business of a dealer in a country other than Canada; and
- (b) notwithstanding subsection 100(3) of the Regulation, the Applicant shall not act as an underwriter in Ontario.

October 18, 2002.

"Robert W. Korthals"

"Harold P. Hands"

### 2.2.3 Carfinco Inc. - ss. 83.1

#### Headnote

Subsection 83.1(1) - issuer deemed to be a reporting issuer in Ontario - corporation a reporting issuer in British Columbia since September 28, 2000, in Alberta since October 10, 2000, and Ontario since April 17, 1997 - corporation trades on TSX Venture Exchange - corporation sought to reorganize itself into a mutual fund trust by plan of arrangement - definition of "reporting issuer" in Ontario Securities Act not broad enough to capture a mutual fund trust.

#### Applicable Ontario Statutes

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

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

**AND**

**IN THE MATTER OF  
CARFINCO INC.**

**ORDER  
(Subsection 83.1)**

**UPON** the application of Carfinco Inc. ("Carfinco") and Carfinco Income Fund (the "Fund") to the Ontario Securities Commission (the "Commission") for an order pursuant to subsection 83.1(1) of the Act that the Fund be deemed to be a reporting issuer for the purposes of the Act upon the effectiveness of a plan of arrangement in respect of a reorganization of Carfinco (the "Arrangement");

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

**AND UPON** Carfinco having represented to the Commission that:

1. Carfinco was incorporated pursuant to the *Business Corporations Act* (Ontario) on December 30, 1996.
2. Carfinco's common shares commenced trading on the Canadian Venture Exchange (now the TSX Venture Exchange, the "TSXV") on October 10, 2000 under the symbol "YCR" and Carfinco is currently in good standing under the rules, regulations and policies of the TSXV.
3. Carfinco became a reporting issuer in (i) British Columbia on September 28, 2000, (ii) Alberta on October 10, 2000, and (iii) Ontario on April 17, 1997.

4. The Fund was established pursuant to a deed of trust dated August 26, 2002 and is governed by the laws of the Province of Ontario.
5. Pursuant to the Arrangement and subject to the satisfaction or waiver of certain conditions and the receipt of all necessary approvals, including the approval of Carfinco's securityholders, Carfinco will be reorganized into a mutual fund trust, the Fund, on the date the Arrangement becomes effective, which is anticipated to be on or about October 25, 2002 (the "Effective Date").
6. Upon completion of the Arrangement, the former shareholders of Carfinco will be holders of all of the outstanding trust units of the Fund and the Fund will be the sole beneficiary of a newly established trust which will be a limited partner of, and hold an approximately 86% partnership interest in, Carfinco Limited Partnership ("Carfinco LP") which partnership holds substantially all of the assets of Carfinco and its wholly-owned subsidiary, Canadian Automotive Finance Corporation, and will continue to conduct the business of Carfinco. The Fund will also own all of the shares of an amalgamated company which will be the general partner of, and hold approximately 14% partnership interest in, Carfinco LP.
7. On the Effective Date, the common shares of Carfinco will be de-listed from the TSXV.
8. Carfinco and the Fund have made an application to list the trust units of the Fund on the TSXV; such listing is a condition precedent to the effectiveness of the Arrangement.
9. On the Effective Date the Fund will become a reporting issuer in the Provinces of British Columbia and Alberta by virtue of the definition of "reporting issuer" contained in the *Securities Act* (British Columbia) and the *Securities Act* (Alberta).
10. On the Effective Date the Fund will not, however, become a reporting issuer in Ontario, since it will not satisfy the definition of "reporting issuer" contained in the *Securities Act* (Ontario) because, in the context of the Arrangement, the applicable provision of such definition is limited to a "company" and therefore is not broad enough to capture the Fund.
11. Five of the Fund's seven trustees are Ontario residents.
12. As at August 29, 2002, Carfinco had approximately 72% of the beneficial holders of its shares resident in Ontario.

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

**IT IS ORDERED**, pursuant to subsection 83.1(1) of the Act, that the Fund be deemed to be a reporting issuer for the purposes of Ontario securities law as of and from the Effective Date.

October 18, 2002.

"Robert W. Korthals"

"Harold P. Hands"

**2.2.4 Bieber Securities Inc. and Julie A. Leefe -  
s. 4.1 of Rule 31-502**

**Headnote**

Registrant exempt from paragraph 2.1 (3)(a) of Rule 31-502 Proficiency Requirements for Registrants, Companion Policy, Designation and Regulation. Application of the provision as drafted is numerically impossible for firms with fewer than twenty registrants.

**Rules Cited**

Ontario Securities Commission Rule 31-502 Proficiency Requirements for Registrants, Companion Policy, Designation and Regulation.

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

**AND**

**IN THE MATTER OF  
BIEBER SECURITIES INC. and JULIE A. LEEFE**

**ORDER  
(Section 4.1 of Rule 31-502)**

**WHEREAS** the Director (Director) has received an application from Bieber Securities Inc. (Bieber) and Julie A. Leefe (Leefe) for an order pursuant to Section 4.1 of Rule 31-502 Proficiency Requirements for Registrants, Companion Policy, Designation and Regulation (Rule 31-502) exempting Bieber and Leefe from paragraph 2.1(3)(c) of Rule 31-502;

**AND WHEREAS** the Director has considered the application and the recommendation of staff of the Ontario Securities Commission;

**AND WHEREAS** Bieber has represented to the Director that:

1. Bieber was incorporated under the laws of the Province of Manitoba on September 6, 1995.
2. Bieber is registered in the category of investment dealer (equities and options) in Ontario and is a member of the Investment Dealers Association of Canada, in the Provinces of Manitoba, Alberta, Saskatchewan, British Columbia, and Ontario.
3. Bieber is sponsoring the application of Leefe as a salesperson whose registration is restricted to the sale of mutual fund securities.
4. Bieber and Leefe do not satisfy the proficiency requirements contained in subsection 2.1(1) of Rule 31-502.
5. Since Leefe's registration will be restricted to the sale of mutual fund securities, and since Leefe

has completed the Investment Funds in Canada Course, Bieber and Leefe satisfy paragraphs 2.1(3)(a) and (b) of subsection 2.1(3) of Rule 31-502, which sets out an exemption to the proficiency requirements contained in subsection 2.1(1) of Rule 31-502.

6. Bieber and Leefe do not satisfy paragraph 2.1(3)(c) of Rule 31-502 because on the date Leefe is granted registration, Bieber will have registered with it more than the lesser of (i) 100 restricted representatives whose registration is restricted to the sale of mutual funds; and (ii) that number of restricted representatives whose registration is restricted to the sale of mutual funds equal to five per cent of the total number of representatives registered with Bieber.
7. Numerically, no company with fewer than twenty representatives in total can satisfy paragraph 2.1(3)(c) of Rule 31-502.
8. Bieber employs no other salesperson in Ontario whose registration is restricted to the sale of mutual fund securities, and it employs less than twenty representatives in total;

**AND WHEREAS** the Director is satisfied that it would not be prejudicial to the public interest to make the requested Order on the basis of the terms and conditions proposed;

**IT IS HEREBY ORDERED** by the Director pursuant to Section 4.1 of Rule 31-502 that the Bieber and Leefe be exempt from paragraph 2.1 (3)(c) of Rule 31-502 until

- (a) Bieber ceases to be registered in the category of investment dealer, equities and options in the province of Ontario; or
- (b) Leefe ceases to be employed by Bieber.

October 17, 2002.

"David Gilkes"

**2.2.5 Rutter Technologies Inc. - s. 144**

**Headnote**

Section 144 – full revocation of cease trade order subject to public offering of issuer’s securities – revocation follows filing of final prospectus in several Canadian jurisdictions other than Ontario – revocation subject to receipt of final prospectus by the securities regulatory authorities of those jurisdictions.

**Statutes Cited**

Securities Act, R.S.O., c. S.5, as amended, sections 127 and 144.

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

**AND**

**IN THE MATTER OF  
RUTTER TECHNOLOGIES INC.  
(FORMERLY COURVAN MINING COMPANY LTD.)**

**ORDER  
(Section 144)**

**WHEREAS** Rutter Technologies Inc. (formerly Courvan Mining Company Ltd.) (the “Corporation”) is subject to a temporary order of the Manager, Corporate Finance (the “Manager”) of the Ontario Securities Commission (the “Commission”) dated November 22, 2000 as extended by an order of the Manager dated December 4, 2000 made under section 127 of the Act (collectively referred to as the “Cease Trade Order”) directing that all trading in the securities of the Corporation cease, and as partially revoked by an order of the Manager dated July 25, 2002;

**AND WHEREAS** the Corporation has applied to the Commission pursuant to section 144 of the Act for a full revocation of the Cease Trade Order;

**AND UPON** the Corporation having represented to the Commission that:

1. The Corporation was incorporated as Courvan Mining Company Ltd. (No Personal Liability) under the *Mining Companies Act* (Quebec) on February 1, 1937. The Corporation continued its existence under Part 1A of the *Companies Act* (Quebec) on July 25, 2002. On July 25, 2002, the Corporation changed its name from Courvan Mining Company Ltd. (No Personal Liability) to Rutter Technologies Inc.
2. The Corporation’s registered and head office is located at 1155, University Street, Suite 606, Montreal, Québec, H3B 3A7.

3. The Corporation is a reporting issuer under the securities legislation of the province of Ontario.
4. The authorized capital of the Corporation consists of an unlimited number of common shares of which 4,000,300 are issued and outstanding as of the date hereof.
5. The Corporation previously carried on business as a mining exploration company and has been inactive since December 1999.
6. The Cease Trade Order was issued due to the failure of the Corporation to file with the Commission, and concurrently to deliver to its shareholders, its audited annual financial statements for the year ended December 31, 1999 and its interim financial statements for the three-month period ended March 31, 2000 and for the six-month period ended June 30, 2000, as required by the Act (collectively, the “Financial Statements”).
7. The Corporation has now filed the Financial Statements and all materials required to be filed under the Act, and delivered the Financial Statements to its shareholders.
8. The Corporation is now up-to-date with all of its filing requirements and the Corporation is not in default of any of the requirements of the Act or the rules or regulations made thereunder.
9. The Corporation agreed to enter into a reverse take-over transaction (the “RTO”) pursuant to a merger agreement dated December 19, 2001, and amended on April 24, 2002 between the Corporation, Rutter Technologies Inc. (“Rutter”), and the shareholders of Rutter.
10. Rutter is a private corporation incorporated under the *Corporations Act* (Newfoundland) on August 25, 1998.
11. Rutter’s registered and head office is located at TD Place, 6<sup>th</sup> Floor, P.O. Box 5414, St. John’s, Newfoundland.
12. The authorized capital of Rutter consists of an unlimited number of Class A common shares, an unlimited number of Series 1 preference shares and an unlimited number of Series 2 preference shares. Rutter currently has 1,000 Class A common shares, 2,500 Series 1 preference shares and 2,500 Series 2 preference shares issued and outstanding.
13. Pursuant to the RTO: (a) all of the common shares of the Corporation currently issued and outstanding will be consolidated into 1,333,433 common shares, at a rate of one (1) common share for every three (3) common shares issued and outstanding; and (b) the Corporation will

acquire all of the issued and outstanding Class A common shares, Series 1 preference shares and Series 2 preference shares of Rutter in consideration for issuing to the Rutter shareholders 11,000,000 post-consolidation common shares of the Corporation. The completion of the RTO is subject to several conditions, including obtaining all required regulatory approvals and the closing of a public offering of the Corporation's securities by way of prospectus.

14. The RTO was approved by the shareholders of the Corporation at a general, annual and extraordinary meeting of the Corporation held on July 16, 2002. The RTO was approved by a resolution of the shareholders of Rutter dated July 25, 2002.
15. The Corporation has applied to list its common shares on the TSX-Venture Exchange ("TSX-V") and the TSX-V has required the completion by the Corporation of a public offering of its securities pursuant to a prospectus in order to meet its requirements regarding public distribution.
16. Prior to the approval of the TSX-V to list the Corporation's common shares, the Corporation has no securities listed on any stock exchange or traded over the counter in Canada or elsewhere.
17. Other than its common shares, the Corporation has no securities, including debt securities, outstanding.
18. On July 25, 2002, the Manager signed an order to partially revoke the Cease Trade Order to permit the Corporation to file, on July 30, 2002, a preliminary prospectus with the securities regulatory authority in each of the provinces of Newfoundland, Quebec and British Columbia (the "Offering Jurisdictions") in connection with a public offering of the Corporation's common shares (the "Offering") in those jurisdictions.
19. On October 3, 2002, the TSX-V conditionally accepted the application of the Corporation for the listing of its common shares on the TSX-V
20. A final prospectus (the "Final Prospectus") has been filed in each of the Offering Jurisdictions.
21. Immediately following the revocation of the Cease Trade Order, each of the Offering Jurisdictions will grant receipt of the Final Prospectus in connection with the Offering.
22. The Corporation does not currently intend to file the final prospectus in Ontario, as it does not intend to make the Offering available to residents of Ontario.

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

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

October 21, 2002.

"John Hughes"

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## Chapter 4

# Cease Trading Orders

### 4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Expire
Wisper Inc.	22 Oct 02	01 Nov 02		
White Rose Crafts and Nursery Sales Limited	15 Oct 02	25 Oct 02		

### 4.2.1 Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Expire	Date of Issuer Temporary Order
Diadem Resources Ltd	22 Oct 02	04 Nov 02			
RTICA Corporation	22 Oct 02	04 Nov 02			

### 4.3.1 Issuer CTO's Revoked

Company Name	Date of Revocation
* Black Pearl Minerals Consolidated Inc.	02 Oct 02
Tagalder (2000) Inc.	23 Oct 02

\*Correction of Revocation date.

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# Chapter 5

## Rules and Policies

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### 5.1.1 Multilateral Instrument 81-104 Commodity Pools

#### MULTILATERAL INSTRUMENT 81-104 COMMODITY POOLS

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**PART 10**

**EXEMPTION**

10.1 Exemption

**PART 11**

**EFFECTIVE DATE AND TRANSITIONAL**

11.1 Effective Date

11.2 Prospectus Disclosure

**MULTILATERAL INSTRUMENT 81-104  
COMMODITY POOLS**

**PART 1 DEFINITIONS, APPLICATION AND INTERPRETATION**

**1.1 Definitions**

(1) In this Instrument

"Canadian Securities Course" means a course prepared and conducted by the Canadian Securities Institute and so named by that Institute as of the date on which this Instrument comes into force, every predecessor to that course, and every successor to that course that does not narrow the scope of the significant subject matter of the course;

"Chartered Financial Analyst Program" means the three level program prepared and conducted by the Association for Investment Management and Research, and so named by that Association as of the date on which this Instrument comes into force, every predecessor to that program, and every successor to that program that does not narrow the scope of the significant subject matter of the program;

"commodity pool" means a mutual fund, other than a precious metals fund, that has adopted fundamental investment objectives that permit it to use or invest in

(a) specified derivatives in a manner that is not permitted by National Instrument 81-102 Mutual Funds, or

(b) physical commodities in a manner that is not permitted by National Instrument 81-102;

"Derivatives Fundamentals Course" means a course prepared and conducted by the Canadian Securities Institute and so named by that Institute as of the date that this Instrument comes into force, every predecessor to that course, and every successor to that course that does not narrow the scope of the significant subject matter of the course;

"mutual fund restricted individual" means an individual registered as a salesperson, partner, director or officer of a dealer, if the activities of that individual are restricted to trading in securities of mutual funds; and

"precious metals fund" means a mutual fund that has adopted fundamental investment objectives, and received all required regulatory approvals, that permit it to invest in precious metals or in entities that invest in precious metals and that otherwise complies with National Instrument 81-102.

(2) Terms defined in National Instrument 81-102 and used in this Instrument have the respective meanings ascribed to them in National Instrument 81-102.

**1.2 Application** - This Instrument applies only to

(a) a commodity pool that

(i) offers, or has offered, securities under a prospectus for so long as the commodity pool remains a reporting issuer, or

(ii) is filing a preliminary prospectus or its first prospectus; and

(b) a person or company in respect of activities pertaining to a commodity pool referred to in paragraph (a) or pertaining to the filing of a prospectus to which subsection 3.2(1) applies.

**1.3 Interpretation**

(1) Each section, part, class or series of a class of securities of a commodity pool that is referable to a separate portfolio of assets is considered to be a separate commodity pool for purposes of this Instrument.

(2) For the purposes of a commodity pool complying with section 2.3 of National Instrument 81-102, the definition of the term "public quotation" used in the definition of the term "illiquid asset" in section 1.1 of National Instrument 81-102, includes any quotation of a price for foreign currency forwards and foreign currency options in the interbank market.

**PART 2 INVESTMENT RESTRICTIONS AND PRACTICES**

**2.1 Investment Restrictions and Practices**

- (1) Section 2.1 of National Instrument 81-102 does not apply to restrict the exposure of a commodity pool to a counterparty of the commodity pool in specified derivatives transactions.
- (2) The following provisions of National Instrument 81-102 do not apply to a commodity pool:
  1. Paragraphs 2.3(d), (e), (f), (g) and (h).
  2. Paragraph 2.7(1)(a).
  3. Subsections 2.7(3), (4) and (5).
  4. Sections 2.8 and 2.11.

**PART 3 NEW COMMODITY POOLS**

**3.1 Non-Application** - Sections 3.1 and 3.2 of National Instrument 81-102 do not apply to a commodity pool.

**3.2 New Commodity Pools**

- (1) No person or company shall file a prospectus for a newly established commodity pool unless
  - (a) an investment of at least \$50,000 in securities of the commodity pool has been made, and those securities are beneficially owned, before the time of filing by
    - (i) the manager, a portfolio adviser, a promoter or a sponsor of the commodity pool,
    - (ii) the directors, officers or shareholders of any of the manager, a portfolio adviser, a promoter or a sponsor of the commodity pool, or
    - (iii) any combination of the persons or companies referred to in subparagraphs (i) and (ii); and
  - (b) the prospectus of the commodity pool states that the commodity pool will not issue securities other than those referred to in paragraph (a) unless subscriptions aggregating not less than \$500,000 have been received by the commodity pool from investors other than the persons and companies referred to in subparagraphs (i) and (ii) of paragraph (a) and accepted by the commodity pool.
- (2) A commodity pool may redeem, repurchase or return any amount invested in, securities issued upon the investment in the commodity pool referred to in paragraph (1)(a) only if
  - (a) securities issued under paragraph (1)(a) that had an aggregate issue price of \$50,000 remain outstanding and at least \$50,000 invested under paragraph (1)(a) remains invested in the commodity pool; or
  - (b) the redemption, repurchase or return is effected as part of the dissolution or termination of the commodity pool.

**3.3 Prohibition Against Distribution** - If a prospectus of a commodity pool contains the disclosure described in paragraph 3.2(1)(b), the commodity pool shall not distribute any securities unless the subscriptions described in that disclosure, together with payment for the securities subscribed for, have been received.

**3.4 British Columbia Commodity Pools** – In British Columbia, sections 3.1, 3.2 and 3.3 do not apply to a commodity pool.

**PART 4 PROFICIENCY AND SUPERVISORY REQUIREMENTS**

**4.1 Proficiency and Supervisory Requirements**

- (1) No mutual fund restricted individual shall trade in a security of a commodity pool unless that individual

- (a) has received at least a passing grade for the Canadian Securities Course;
  - (b) has received at least a passing grade for the Derivatives Fundamentals Course;
  - (c) has successfully completed the Chartered Financial Analyst Program; or
  - (d) meets the proficiency standards applicable to trading in securities of commodity pools required by a self-regulatory organization of which the individual, or his or her organization, is a member if the securities regulatory authority or regulator has completed any required review, approval or non-disapproval of the regulatory instrument of the self-regulatory organization that establishes those proficiency standards.
- (2) No principal distributor or participating dealer shall trade in a security of a commodity pool in the local jurisdiction unless the individual designated by the principal distributor or participating dealer to be responsible for the supervision of trades of securities of commodity pools in the local jurisdiction has received at least a passing grade for the Derivatives Fundamentals Course or has successfully completed the Chartered Financial Analyst Program.
- (3) Despite subsection (2), but subject to compliance with securities legislation, a principal distributor may agree to act as principal distributor of a commodity pool and may trade in securities of a commodity pool if all trades are effected through a participating dealer that satisfies the requirements of subsection (2).

**4.2 Trades of Commodity Pools in British Columbia** – Section 4.1 does not apply in British Columbia

**PART 5 INCENTIVE FEES**

**5.1 Non-Application** - Part 7 of National Instrument 81-102 does not apply to a commodity pool.

**5.2 Incentive Fees** - A commodity pool shall not pay, or enter into arrangements that would require it to pay, and no securities of a commodity pool shall be sold on the basis that an investor would be required to pay, a fee that is determined by the performance of the commodity pool, unless

- (a) the payment of the fee is based on the cumulative total return of the commodity pool for the period that began immediately after the last period for which the performance fee was paid; and
- (b) the method of calculation of the fee is described in the prospectus of the commodity pool.

**5.3 Multiple Portfolio Advisors** - Section 5.2 applies to fees payable to a portfolio adviser of a commodity pool that has more than one portfolio adviser, if the fees are calculated on the basis of the performance of the portfolio assets under management by that portfolio adviser, as if those portfolio assets were a separate commodity pool.

**PART 6 REDEMPTION OF SECURITIES OF A COMMODITY POOL**

**6.1 Frequency of Redemptions** - If disclosed in its prospectus, a commodity pool may include, as part of the requirements established under subsection 10.1(2) of National Instrument 81-102, a provision that securityholders of the commodity pool shall not have the right to redeem their securities for a period up to six months after the date on which the receipt is issued for the initial prospectus of the commodity pool.

**6.2 Required Notice of Redemption** - Despite section 10.3 of National Instrument 81-102, a commodity pool may implement a policy providing that a person or company making a redemption order for securities shall receive the net asset value for those securities determined, as provided in the policy, on the first or second business day after the date of receipt by the commodity pool of the redemption order.

**6.3 Payment of Redemption Proceeds** - The references in subsection 10.4(1) of National Instrument 81-102 to "three business days" shall be read as references to "15 days" in relation to commodity pools.

**PART 7 CALCULATION OF NET ASSET VALUE**

**7.1 Non-Application** - Subsections 13.1(1) and (2) of National Instrument 81-102 do not apply to a commodity pool.

**7.2 Calculation of Net Asset Value** - The net asset value of a commodity pool shall be calculated at least once each business day.

**7.3 Toll-Free Telephone Number, Collect Telephone Calls and Website** - A commodity pool shall

- (a) have a toll-free telephone number, accept collect telephone calls, or operate a website, in order to allow persons or companies that wish to be provided with the most recent net asset value per unit of the commodity pool to obtain that information; and
- (b) make available its most recent net asset value per unit to persons or companies using a medium referred to in paragraph (a).

**PART 8 CONTINUOUS DISCLOSURE - FINANCIAL STATEMENTS**

**8.1 Variation of Securities Legislation** - The provisions of securities legislation that pertain to the filing, content and sending to securityholders of financial statements for mutual funds are varied for commodity pools to the extent described in this Part.

**8.2 Interim Financial Statements**

- (1) Instead of filing and delivering interim financial statements on a semi-annual basis, a commodity pool shall, within 60 days of the date to which they are made up, file and deliver to each securityholder whose last address as shown on the books of the commodity pool is in the local jurisdiction, interim financial statements
  - (a) if the commodity pool has not completed its first financial year, for the periods commencing with the beginning of that financial year and ending nine, six and three months before the date on which that year ends; and
  - (b) if the commodity pool has completed its first financial year, for the periods beginning at the end of its last completed financial year and ending three, six and nine months after the end of the last completed financial year, together with, if applicable, comparative statements to the end of each of the corresponding periods in the last completed financial year.
- (2) Despite paragraph (1)(a), a commodity pool is not required to prepare, file or deliver interim financial statements for a period that is less than three months in length.

**8.3 Income Statements** - In addition to any other matters required by securities legislation, the income statement forming part of the interim financial statements of a commodity pool shall include

- (a) the total amount of realized net gain or net loss on positions liquidated during the period;
- (b) the change in unrealized net gain or net loss on open positions during the period;
- (c) the total amount of net gain or net loss from all other transactions in which the commodity pool engaged during the period, including interest;
- (d) the total amount of all incentive fees paid during the period; and
- (e) the total amount of all brokerage commissions paid during the period.

**8.4 Statements of Portfolio Transactions**

- (1) A statement of portfolio transactions of a commodity pool shall provide disclosure, in the form of the table in subsection (2), of the aggregate total volume and total value or nominal value of all purchase and sale transactions of the commodity pool for
  - (a) each security, by class or series, purchased or sold by the commodity pool during the period;
  - (b) each physical commodity, purchased or sold by the commodity pool during the period; and
  - (c) each derivative, by type of contract and underlying interest, for which a derivatives transaction was entered into by the commodity pool during the period.
- (2) The table contemplated by subsection (1) shall be in the following form:

	Total Volume	Total Value or Nominal Value
Purchases		
Sales		

**8.5 Leverage Disclosure**

- (1) A commodity pool shall include in its interim financial statements and its audited financial statements disclosure of the minimum and maximum level of leverage experienced by the commodity pool in the period covered by the financial statements, together with a brief explanation of how the commodity pool uses the term "leverage" and the significance of the maximum and minimum levels of leverage to the commodity pool.
- (2) The information required by subsection (1) may be included in the body of the financial statements or in notes to the financial statements.

**8.6 British Columbia Commodity Pools** - In British Columbia, sections 8.1, 8.2, 8.3 and 8.5 do not apply to a commodity pool.

**PART 9 PROSPECTUS DISCLOSURE**

**9.1 Front Page Disclosure** - In addition to any other requirements of securities legislation, the front page of a preliminary prospectus and prospectus of a commodity pool shall

- (a) state, in substantially the following words:

" You should carefully consider whether your financial condition permits you to participate in the [commodity pool]. The securities of the [commodity pool] are [highly] speculative and involve a high degree of risk. You may lose a substantial portion or even all of the money you place in the [commodity pool].

The risk of loss in trading [nature of instruments to be traded by the commodity pool] can be substantial. In considering whether to participate in the [commodity pool], you should be aware that trading [nature of instruments] can quickly lead to large losses as well as gains. Such trading losses can sharply reduce the net asset value of the [commodity pool] and consequently the value of your interest in the [commodity pool]. Also, market conditions may make it difficult or impossible for the [commodity pool] to liquidate a position.

The [commodity pool] is subject to certain conflicts of interest.

The [commodity pool] will be subject to the charges payable by it as described in this prospectus that must be offset by revenues and trading gains before an investor is entitled to a return on his or her investment. It may be necessary for the [commodity pool] to make substantial trading profits to avoid depletion or exhaustion of its assets before an investor is entitled to a return on his or her investment.";

- (b) state, for the initial prospectus of a commodity pool, in substantially the following words:

" The [commodity pool] is newly organized. The success of the [commodity pool] will depend upon a number of conditions that are beyond the control of the [commodity pool]. There is a substantial risk that the goals of the [commodity pool] will not be met.";

- (c) state, if the promoter, manager, or a portfolio adviser of the commodity pool has not had a similar involvement with any other commodity pool, in substantially the following words:

" The [promoter], [manager] [and/or] [portfolio adviser] of the [commodity pool] has not previously operated any other publicly offered commodity pools [or traded other accounts].";

- (d) state, if the commodity pool will execute trades outside of Canada, in substantially the following words:

" Participation in transactions in [nature of instrument to be traded by the commodity pool] involves the execution and clearing of trades on or subject to the rules of a foreign market.

None of the Canadian securities regulatory authorities or Canadian exchanges regulates activities of any foreign markets, including the execution, delivery and clearing of transactions, or has the power to compel enforcement of the rule of a foreign market or any applicable foreign laws. Generally, any foreign transaction will be governed by applicable foreign law. This is true even if the foreign market is formally linked to a Canadian market so that a position taken on the market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs.

For these reasons, entities such as the commodity pool that trade [nature of instrument to be traded by the commodity pool] may not be afforded certain of the protective measures provided by Canadian legislation and the rules of Canadian exchanges. In particular, funds received from customers for transactions may not be provided the same protection as funds received in respect of transactions on Canadian exchanges.";

- (e) state, immediately after the statements required by paragraphs (a), (b), (c), and (d), in substantially the following words:

" These brief statements do not disclose all the risks and other significant aspects of investing in the [commodity pool]. You should therefore carefully study this prospectus, including a description of the principal risk factors at page [page number], before you decide to invest in the [commodity pool].";

- (f) if applicable, state that the tax consequences to the commodity pool or its securityholders are not certain; and
- (g) state that the commodity pool is a mutual fund but that certain provisions of securities legislation designed to protect investors who purchase securities of mutual funds do not apply.

**9.2 Prospectus Disclosure** - In addition to any other requirements of securities legislation, the preliminary prospectus and prospectus of a commodity pool shall

- (a) disclose the fundamental investment objectives and strategy of the commodity pool, and how specified derivatives are or will be used in connection with those objectives and that strategy;
- (b) disclose any limitations on the use of specified derivatives by the commodity pool contained in the constating documents, or forming part of the fundamental investment objectives or investment strategy, of the commodity pool, including
- (i) whether the commodity pool has adopted any restrictions on the amount of leverage that the commodity pool may experience at any time, or if there are no such restrictions, a statement to that effect,
  - (ii) a brief explanation of how the commodity pool uses the term "leverage" and the significance to the commodity pool of the restrictions either adopted or not adopted, and
  - (iii) a cross-reference to the disclosure required by section 8.5 to be included in the financial statements of the commodity pool;
- (c) disclose the risks associated with the use or intended use by the commodity pool of specified derivatives and the policies and practices of the commodity pool to manage those risks;
- (d) disclose any existing or potential conflicts of interest between the commodity pool and any promoter, manager, adviser, dealer, broker, any of their respective associates or affiliates, or any of the officers, directors or partners of any of the foregoing, and the steps that will be taken to alleviate any existing or potential conflicts of interest;
- (e) disclose whether an affiliate of the manager or of a portfolio adviser of the commodity pool receives or will receive brokerage commissions arising from trades of the commodity pool;
- (f) disclose if the commodity pool will be wound up without the approval of securityholders if the net asset value per security falls below a certain predetermined level, and, if so, the net asset value per security at which this will occur;
- (g) provide the disclosure concerning the past performance of the commodity pool that is required to be provided by a mutual fund under Item 11 of Part B of Form 81-101F1 Contents of Simplified Prospectus, except that



- (i) the past performance of the commodity pool in the bar chart prepared in accordance with Item 11.2 of Part B of Form 81-101F1, shall show quarterly, non-annualized, returns of the commodity pool over the period provided for in Item 11.2, rather than annual returns, and
  - (ii) the commodity pool may at its option, in the disclosure required by Items 11.3 and 11.4 of Part B of Form 81-101F1, compare its performance to an index if it describes any differences between the commodity pool and the index that affect the comparability of the performance data of the commodity pool and the index;
- (h) include a statement that how the commodity pool performed in the past does not necessarily indicate how it will perform in the future;
  - (i) describe the financial reporting that is required of the commodity pool;
  - (j) in addition to the front page disclosure required by paragraph 9.1(g), disclose that certain provisions of securities legislation designed to protect investors who purchase securities of mutual funds do not apply to the commodity pool, and disclose the implications of this;
  - (k) describe the redemption procedures and requirements of the commodity pool, making specific reference to the adoption of any policies established under this Instrument or National Instrument 81-102;
  - (l) disclose, in the "Risk Factor" section, any information that may bear on a securityholder's assessment of risk associated with an investment in the commodity pool, including
    - (i) any risks associated with those commodity pools structured as trusts that purchasers of the securities offered may become liable to make an additional contribution beyond the price of the securities, and
    - (ii) any risks associated with the loss of limited liability of a limited partner of a commodity pool that is structured as a limited partnership;
  - (m) provide the disclosure concerning the portfolio management of the commodity pool that is required to be provided by a mutual fund under Item 10.3 of Form 81-101F2 Contents of Annual Information Form;
  - (n) disclose the details of how persons or companies may obtain the most recent net asset value per unit of the commodity pool, as required by section 7.3; and
  - (o) disclose the details of compliance of the commodity pool with the requirements of sections 3.2 and 3.3.

### **9.3 Financial Statements**

- (1) A preliminary prospectus and prospectus of a commodity pool shall contain the financial statements of the commodity pool for the time periods that are required by the securities legislation applicable to issuers other than mutual funds.
- (2) The financial statements required by subsection (1) shall be prepared in accordance with the requirements of Part 8.

### **9.4 British Columbia Commodity Pools** – In British Columbia, section 9.3 does not apply to a commodity pool

## **PART 10 EXEMPTION**

### **10.1 Exemption**

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

## **PART 11 EFFECTIVE DATE AND TRANSITIONAL**

### **11.1 Effective Date** - This Instrument comes into force on November 1, 2002.

- 11.2 Prospectus Disclosure** - The prospectus of a commodity pool for which a receipt is obtained before the date that this Instrument comes into force is not required to comply with the disclosure requirements of this Instrument.

**COMPANION POLICY 81-104CP TO MULTILATERAL INSTRUMENT 81-104  
COMMODITY POOLS**

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**COMPANION POLICY 81-104CP TO MULTILATERAL INSTRUMENT 81-104  
COMMODITY POOLS**

**PART 1 PURPOSE AND BACKGROUND**

**1.1 Purpose** - This Policy clarifies how Multilateral Instrument 81-104 (the "Instrument") integrates with National Instrument 81-102 Mutual Funds, and brings certain matters relating to the Instrument to the attention of persons or companies involved with the establishment or administration of commodity pools.

**1.2 What the Instrument Covers**

- (1) The Instrument regulates publicly offered mutual funds that use certain alternative investment strategies involving specified derivatives and commodities. The Instrument defines the term "commodity pool" as a mutual fund that is permitted to use or invest in specified derivatives and physical commodities beyond what is permitted by National Instrument 81-102. Industry players refer to these mutual funds as "commodity pools" and the members of the Canadian Securities Administrators that have implemented the Instrument (the "CSA") have retained this term to describe these mutual funds.
- (2) The CSA note that the Instrument specifically allows commodity pools liberalized use of derivatives, leverage strategies and commodities so that they can pursue traditional commodity pool investment strategies. By implementing the Instrument, the CSA are not providing relief for all alternative investment strategies that may be adopted by investment funds. In particular, the CSA point out that a number of strategies, including non derivative-related short selling, cannot be followed by commodity pools and other mutual funds due to prohibitions contained in National Instrument 81-102. A person or company that wishes to sell to the public investment funds that use alternative investment strategies not contemplated by the Instrument should consider using available exemptions from prospectus requirements or structuring the fund as a closed end investment fund. The CSA will consider on a case by case basis applications for exemptions from applicable restrictions contained in National Instrument 81-102 if a mutual fund structure is proposed. Any application for exemption should describe how the proposed alternative investment strategy meets the policy goals behind the rules in National Instrument 81-102 and why a mutual fund structure is in the public interest.

**1.3 Background to the Instrument** - The CSA developed the Instrument in order to create an updated uniform national regulatory regime for commodity pools. Commodity pools have been sold in most jurisdictions in Canada under prospectuses filed with the CSA for over twenty years. The Ontario Securities Commission published a policy statement, OSC Policy Statement 11.4 Commodity Pool Programs, to set parameters for the operation and administration of these investment vehicles. The other members of the CSA regulated commodity pools through exemptive orders giving relief, on conditions, from requirements of applicable securities legislation in their jurisdiction, including National Instrument 81-102 and its predecessor instrument. The exemptive relief orders were largely consistent with the guidelines contained in the Ontario policy statement. The Ontario Securities Commission and the other members of the CSA that have implemented the Instrument recognize that the Ontario policy statement has become outmoded and no longer reflects the regulatory approach now favoured by the CSA.

**1.4 Regulatory Principles for Commodity Pools**

- (1) The CSA considered the following regulatory principles in developing and implementing the Instrument:
  - (a) Commodity pools should be regulated in the same manner as conventional mutual funds, except in respect of their use of specified derivatives and leverage strategies. Therefore, commodity pools are defined in the Instrument as a type of mutual fund, so that the rules of National Instrument 81-102, and other applicable securities legislation apply except as provided otherwise in the Instrument.
  - (b) Commodity pools should be granted greater freedom in their use of specified derivatives and leverage strategies than conventional mutual funds, in exchange for requirements which, among other things, are aimed at increasing the information available to investors about the investment strategies, risks and on-going performance of commodity pools. Therefore, the Instrument generally exempts commodity pools from the specified derivative rules of National Instrument 81-102.

**PART 2 GENERAL STRUCTURE OF THE INSTRUMENT**

**2.1 Relationship to Securities Legislation Applicable to Mutual Funds**

- (1) Since by definition, commodity pools are mutual funds, they are subject to mutual fund rules unless those rules are specifically excluded. The Instrument contains only those provisions that are specific to commodity

pools. Provisions applicable to all mutual funds, including commodity pools, are contained in National Instrument 81-102.

- (2) Persons involved with the establishment or administration of a commodity pool should review the following rules:
  1. National Instrument 81-102. That National Instrument contains general rules concerning the operation of mutual funds, all of which are applicable to commodity pools unless specifically excluded by the Instrument.
  2. Applicable mutual fund related securities legislation. For example, commodity pools are subject to the financial statement reporting requirements for mutual funds, except as varied or supplemented in the Instrument.
  3. Prospectus requirements of the securities legislation of a jurisdiction applicable to long form issuers generally, and mutual funds in particular. National Instrument 81-101 Mutual Fund Prospectus Disclosure does not allow commodity pools to use the prospectus disclosure system created by that National Instrument.
  4. Securities legislation of a jurisdiction that applies to dealers in securities of a mutual fund. Since commodity pools are mutual funds, dealers registered in a jurisdiction to sell mutual funds can trade in these securities. The Instrument imposes additional proficiency requirements for salespersons who are registered to sell only mutual funds and for the supervisors of trades in commodity pools, in all jurisdictions other than British Columbia. Dealers registered to sell securities (including mutual funds) in British Columbia should look to local British Columbia securities regulations for guidance.

## 2.2 Derivatives Use

- (1) The regime implemented by the Instrument is designed to allow commodity pools considerable freedom in entering into derivatives transactions. Commodity pools are not subject to the majority of sections 2.7 and 2.8 of National Instrument 81-102, which contain most of the rules governing specified derivatives used by mutual funds. Commodity pools, however, remain subject to the main investment restrictions and rules governing investment practices contained in National Instrument 81-102 that do not relate directly to derivatives or commodity transactions.
- (2) Commodity pools remain generally subject to section 2.1 of National Instrument 81-102 except as provided in subsection 2.1(1) of the Instrument. Section 2.1 of National Instrument 81-102 contains the prohibition against a mutual fund investing more than 10 percent of its net assets in the securities of an issuer. The effect of subsection 2.1(1) of the Instrument is that a commodity pool need not be restricted by this prohibition in relation to its specified derivatives transactions with any one counterparty. That is, a commodity pool may "invest" more than 10 percent of its net assets with any one counterparty in one or more specified derivatives transactions. This exception to the 10 percent rule is designed to allow commodity pools greater flexibility in their specified derivatives transactions. However, a commodity pool remains subject to the 10 percent rule in relation to any securities of any issuers, including counterparties, other than the "securities" acquired from counterparties in specified derivatives transactions. A commodity pool may enter into an unlimited number of specified derivatives transactions with any counterparty without regard to the 10 percent rule, but remains subject to the 10 percent rule in relation to any, for example, common shares of that counterparty acquired by it. In addition, the "look through" rule contained in subsection 2.1(3) of National Instrument 81-102 will still apply to those specified derivatives transactions, requiring a commodity pool to take into account the underlying interests of specified derivatives transactions in order to ensure compliance with section 2.1 of National Instrument 81-102.
- (3) Commodity pools, as with other mutual funds, remain subject to paragraphs 2.6(b) and (c) of National Instrument 81-102, which prohibit mutual funds from purchasing securities on margin or selling securities short, unless these strategies are permitted by sections 2.7 or 2.8 of that National Instrument. Commodity pools contemplating purchasing securities on margin or selling securities short in connection with their specified derivatives strategies should review sections 2.7 and 2.8 of National Instrument 81-102 to determine permissible practices. Any other strategy which involves purchasing securities on margin or selling securities short is not permitted for commodity pools, in the same manner as that other strategy is not permitted for conventional mutual funds. The Instrument exempts commodity pools from most of the provisions of sections 2.7 or 2.8 of National Instrument 81-102, but is not intended to remove the permission to purchase securities on margin or sell securities short in specified derivatives transactions provided for in paragraphs 2.6(b) and (c) of National Instrument 81-102.

## **PART 3 PROSPECTUS DISCLOSURE**

### **3.1 Prospectus Disclosure**

- (1) Sections 9.1 and 9.2 of the Instrument contain a number of disclosure requirements applicable to commodity pool prospectuses. The CSA note that commodity pool prospectuses are long form prospectuses. Commodity pool prospectuses may contain any information that the commodity pool manager believes would be of assistance in ensuring that the prospectus contains full, true and plain disclosure about the commodity pool.
- (2) In particular, the CSA consider that, in order to ensure that full, true and plain disclosure is provided, having regard to the specialized investment strategies of commodity pools, a person or company preparing a prospectus of a commodity pool should consider whether it would be useful to include in the prospectus standardized measures of risk, prepared and presented in a consistent manner from year to year and based on generally accepted statistical standards.
- (3) Paragraph 9.2(g) of the Instrument requires a commodity pool to describe its performance in the required format. A commodity pool may, but is not required to, compare its performance to an appropriate index or benchmark. If the commodity pool decides to so compare its performance, the CSA note that, generally speaking, the index or benchmark used should satisfy the requirements of Item 11.3 of Part B of Form 81-101F1 and be prepared independently or be widely recognized and used. However, the CSA recognize the difficulty in identifying indices that are relevant comparisons to some commodity pools, and expect that commodity pools use their best efforts to use as appropriate an index as possible. The index could be either a broadly-based market index or a narrowly-based index, whichever is considered by the manager of the commodity pool to be most appropriate. Any differences between the index or benchmark used and the commodity pool should be identified.

## **PART 4 LIMITED LIABILITY**

### **4.1 Limited Liability**

- (1) Mutual funds generally are structured in a manner that ensures that investors are not exposed to the risk of loss of an amount more than their original investment. The CSA consider this a very important and essential attribute of mutual funds. This is especially important in the context of commodity pools. One of the most important rationales for the existence of commodity pools is that they enable investors to invest indirectly in certain types of derivative products, particularly futures and forwards, without putting more than the amount of their investment at risk. A direct investment in some derivative products could expose an investor to losses beyond the original investment.
- (2) The CSA expect that commodity pools will be structured in a manner that provides as much assurance as possible to their securityholders that securityholders will not be at risk for more than the amount of their original investment. The CSA recommend that commodity pool promoters and managers consider other ways, apart from the structuring of a pool, to limit the liability of securityholders. For example, commodity pools could enter into contracts only if the other party to the agreement agreed to limit recourse under the agreement to the assets of the pool.
- (3) Mutual funds structured as corporations do not raise pressing liability problems because of the limited liability regime of corporate statutes.
- (4) Mutual funds structured as limited partnerships may raise some concerns about the loss of limited liability if limited partners are viewed as participating in the management or control of the partnership. The statute and case law concerning when limited partners can lose their limited partner status, including the Quebec Civil Code, varies from province to province. Therefore, paragraph 9.2(l) of the Instrument requires each commodity pool to disclose risks associated with the loss of limited liability of a limited partner that has invested in a commodity pool structured as a limited partnership; proper compliance with this requirement will involve disclosure of risks associated with the jurisdictions in which the prospectus is filed.
- (5) Mutual funds structured as trusts are subject to their constitution and the common and civil law of trusts. A commodity pool operator should consider this law, together with the factual circumstances surrounding the establishment of the commodity pool, including the ability of the investors in the commodity pool to influence the administration and management of the commodity pool, to ensure that investors' liability is limited to the amount they have invested in the commodity pool. Paragraph 9.2(l) of the Instrument requires disclosure of risks, if any are applicable, associated with the structuring of a commodity pool as a trust in relation to the

possibility that purchasers of securities of the commodity pool may become liable to make an additional contribution beyond the price of the securities.

**ONTARIO REGULATION  
Made under the  
SECURITIES ACT**

**Amending Reg. 1015 of R.R.O. 1990  
(General)**

Note: Regulation 1015 has previously been amended. Those amendments are listed in the Table of Regulations published in *The Ontario Gazette* dated January 19, 2002.

1. Section 87 of Regulation 1015 of the Revised Regulations of Ontario, 1990 is amended by adding the following subsection :
  - (7) Subsections (1) to (6) do not apply to a commodity pool subject to Multilateral Instrument 81-104 *Commodity Pools*.



## Chapter 7

# Insider Reporting

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

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

To obtain Insider Reporting information, please visit the SEDI website ([www.sedi.ca](http://www.sedi.ca)).

## Chapter 8

# Notice of Exempt Financings

### Exempt Financings

The Ontario Securities Commission reminds issuers and other parties relying on exemptions that they are responsible for the completeness, accuracy, and timely filing of Forms 45-501F1 and 45-501F2, and any other relevant form, pursuant to section 27 of the *Securities Act* and OSC Rule 45-501 ("Exempt Distributions").

#### REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

<u>Transaction Date</u>	<u>Purchaser</u>	<u>Security</u>	<u>Total Purchase Price (\$)</u>	<u>Number of Securities</u>
01-Oct-2002	4 Purchasers	1433669 Ontario Limited - Shares	3,250,003.00	6,550,000.00
30-Sep-2002	Michael Sinclair	Acuity Pooled Conservative Asset Allocation - Trust Units	150,000.00	13,008.00
01-Oct-2002	Colette Desmarais Family	Acuity Pooled Fixed Income Fund - Trust Units	230,416.32	17,586.00
24-Sep-2002	John King	Acuity Pooled Fixed Income Fund - Trust Units	217,167.62	16,308.00
01-Oct-2002	Lee Min-Dong	Acuity Pooled High Income Fund - Trust Units	110,000.00	7,540.00
25-Sep-2002	Art Welter	Acuity Pooled High Income Fund - Trust Units	55,000.00	2,052.00
23-Sep-2002	AGF Management Ltd. & Goodman & Company Ltd.	Aegon N.V. - Common Shares	3,733,440.00	240,000.00
01-Oct-2002	James F. Kay;Byrnwood Management Ltd.	Avenue Financial Corporation - Debentures	325,000.00	325,000.00
27-Sep-2002	Ross & Mary Ann Mckenzie	BPI Global Opportunites III Fund - Units	158,395.00	1,983.00
06-Sep-2002	Michael John Bourassa;Carol E. Allison-Burra	BPI Global Opportunites III RSP Fund - Units	35,497.01	395.00
19-Jul-2002	Eric & Gail Martin	Canadian Edge Limited Partnership - Limited Partnership Units	25,000.00	25,000.00
19-Jul-2002	4 Purchasers	Canadian Edge Limited Partnership - Limited Partnership Units	105,000	105,000.00
01-Oct-2002	The VenGrowth II Investment Fund Inc.	Carter Group Canada Inc. - Debentures	4,400,000.00	4,400,000.00

**Notice of Exempt Financings**

27-Sep-2002 9/30/02	Janice Vincent and Diane Cranston	CGO&V Balanced Fund - Trust Units	10,115.00	856.00
30-Sep-2002	2 Purchasers	CGO&V Cumberland Fund - Trust Units	40,040.00	3,521.00
30-Sep-2002	Carlenor Holdings Inc.	CGO&V Enhanced Yield Fund - Trust Units	50,020.00	4,871.00
27-Sep-2002 9/30/02	5 Purchasers	CGO&V Hazelton Fund - Trust Units	106,199.00	9,115.00
01-Oct-2002	ING Bank of Canada	Comet Trust - Notes	5,000,000.00	5,000,000.00
30-Sep-2002	VenGrowth V Limited Partnership; VenGrowth V Sidecar Limited	Congency Semiconductor Inc. - Preferred Shares	446,376.00	280,000.00
17-Sep-2002	Yorkton Securities Inc.	Crystallex International Corporation - Common Shares	1,074,630.00	300,000.00
30-Sep-2002	TD Newcrest	Crystallex International Corporation - Common Shares	72,000.00	20,000.00
30-Sep-2002	BMO Nesbitt Burns	Crystallex International Corporation - Common Shares	72,500.00	20,000.00
01-Oct-2002	BMO Nesbitt Burns	Crystallex International Corporation - Common Shares	520,638.30	146,700.00
07-Oct-2002	BMO Nesbitt Burns	Crystallex International Corporation - Common Shares	71,500.00	20,000.00
20-Sep-2002	Helmut Schoeller	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
20-Sep-2002	Mel Prowse	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
20-Sep-2002	Klaus Bach	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
20-Sep-2002	West Hill Tire & Auto Inc.	Discovery Biotech Inc. - Common Shares	10,500.00	1.00
20-Sep-2002	Daryl Hostrawser	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
20-Sep-2002	Jean Marie Roy	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
20-Sep-2002	Donna Bach	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
20-Sep-2002	Riley Sakakeesic	Discovery Biotech Inc. - Common Shares	1,950.00	650.00
20-Sep-2002	Ted Guiducci	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
20-Sep-2002	Marcia Dye	Discovery Biotech Inc. - Common Shares	1,500.00	500.00

**Notice of Exempt Financings**

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20-Sep-2002	Glen Moore	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
20-Sep-2002	George Countryman	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
20-Sep-2002	Fred Chambers	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
20-Sep-2002	Gerry McPhall	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
20-Sep-2002	Walter A. Wegner	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
20-Sep-2002	Brian Winger	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
20-Sep-2002	Stephen Bate	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
20-Sep-2002	Ronald Elliott	Discovery Biotech Inc. - Common Shares	9,000.00	3,000.00
20-Sep-2002	Kirk Murray	Discovery Biotech Inc. - Common Shares	9,000.00	3,000.00
20-Sep-2002	Steve Tackaberry	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
20-Sep-2002	Loraine Mercer	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
20-Sep-2002	John Reeves	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
20-Sep-2002	Angela Cordi	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
20-Sep-2002	Amrit Saini	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
20-Sep-2002	Reg Wylie	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
20-Sep-2002	Stephen Urech	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
20-Sep-2002	Gerrard Lanthier	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
20-Sep-2002	Marie-Jeanne S. Stewart	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
20-Sep-2002	Steven Byers	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
20-Sep-2002	Lou Simonetto	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
20-Sep-2002	Dieter Schmidt	Discovery Biotech Inc. - Common Shares	4,050.00	1,350.00

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20-Sep-2002	Robert Davis	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
20-Sep-2002	David Rubinstein	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
20-Sep-2002	Fulbert Yao	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
20-Sep-2002	John Taylor	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
02-Oct-2002	3 Purchasers	Ellipsis Biotherapeutics Corporation - Notes	500,000.00	3.00
23-Sep-2002	CCFL Subordinated Debt Funds (III) Limited Partnership	Huntingdon Acquisition Partners Inc. - Warrants	500,001.00	2.00
10-Oct-2002	1084384 Ontario Limited;Mathieson Beauty Concepts	International Portal Technologies Inc. - Units	40,000.00	100,000.00
30-Sep-2002	Mustang Minerals Corp.	JML Resources Ltd. - Units	60,000.00	100,000.00
30-Sep-2002	Kent;David & Shaw;Wendy	Kingwest Avenue Portfolio - Units	20,000.00	1,159.00
30-Sep-2002	Fabi;Martin & Katherine;Milton	Kingwest Avenue Portfolio - Units	154,139.97	18,541.00
27-Sep-2002	7 Purchasers Fund - Units	Landmark Global Opportunities	450,538.00	4,103.00
20-Sep-2002	8 Purchasers	Landmark Global Opportunities Fund - Units	342,230.00	3,117.00
13-Sep-2002	7 Purchasers	Landmark Global Opportunities Fund - Units	330,471.00	3,027.00
27-Sep-2002	Maria Rotondi	Landmark Global Opportunities RSP Fund - Units	25,000.00	245.00
20-Sep-2002	Anna Luciani Diciano	Landmark Global Opportunities RSP Fund - Units	15,268.00	149.00
03-Oct-2002	RBC Capital Partners	Lime Rock Partners II, L.P. - Limited Partnership Interest	3,171,000.00	1.00
04-Oct-2002	5 Purchasers	Maptuit Corporation - Shares	5,945,661.00	52,816,901.00
04-Oct-2002	The Descartes Systems Group Inc.	Maptuit Corporation - Shares	71,347.50	633,803.00
07-Oct-2002	6 Purchasers	McMaster University - Debentures	83,350,000.00	6.00
10-Oct-2002	3 Purchasers	Metrus Eastern Properties Limited - Bonds	6,837,000.00	6,837,000.00
02-Oct-2002	David Dombroski	Microsource Online, Inc. - Common Shares	1,200.00	200.00

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04-Oct-2002	Michael Marino	Microsource Online, Inc. - Common Shares	3,000.00	500.00
04-Oct-2002	David Dawson	Microsource Online, Inc. - Common Shares	3,000.00	500.00
04-Oct-2002	Todd Leclair	Microsource Online, Inc. - Common Shares	2,100.00	350.00
04-Oct-2002	Robert Rice	Microsource Online, Inc. - Common Shares	12,000.00	2,000.00
02-Oct-2002	Jack & Jean Maltby	Microsource Online, Inc. - Common Shares	1,200.00	200.00
09-Oct-2002	John Van Dommelen	Microsource Online, Inc. - Common Shares	2,400.00	400.00
09-Oct-2002	Minh Tathanhlong	Microsource Online, Inc. - Common Shares	3,000.00	500.00
01-Sep-2002	Arrow Global Multi-Strategy Fund;Berost Corp.	MMCAP Limited Partnership Fund - Limited Partnership Units	100,000.00	89.00
10-Oct-2002	Canada Pension Plan Investment Board	NIB Capital Private Equity Later Stage Co-Investments II C.V. - Limited Partnership Interest	100,000,000.00	1.00
02-Oct-2002	Dennis Dionysiou	North Atlantic Publishing Inc. - Common Shares	10,000.00	30.00
31-Dec-2001 1/22/02	Kathryn Hazel	Real Assets Investment Management Inc. - Units	248,520.00	25,261.00
01-Oct-2002	ING Bank of Canada	Rocket Trust - Notes	5,000,000.00	5,000,000.00
01-Oct-2002	118 Purchasers	Rockwater Capital Corporation - Common Shares	4,775,860.44	13,266,279.00
24-Sep-2002	Royal Laser	Royal Laser Tech Corp. - Common Shares	379,500.00	46,000.00
08-Oct-2002	Allan & Joy Kaufman	Shelldrake L.P. - Limited Partnership Units	475,000.00	312,100.00
30-Apr-2002	Zoran Arandjelovic	Simmic. Net Inc. - Common Shares	5.00	500,000.00
10-Oct-2002	1378346 Ontario Inc.	Skywave Mobile Communications Inc. - Warrants	10,815,190.00	7,359,422.00
24-Feb-2002	Carson Stratton	Soma Networks - Common Shares	12,500.00	5,000.00
03-Oct-2002	YMG Opportunities Fund	Talware Networx Inc. - Units	100,000.00	1,000,000.00
13-Sep-2002	First Associates Investment Inc.;Octagon Capital Corporation	Telepanel Systems Inc. - Units	160,000.00	1,600.00
03-Oct-2002	Brightspark Ventures;LP.	Tira Wireless Inc. - Preferred Shares	1,500,000.00	4,500,000.00

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27-Sep-2002	Donald McLuckie & Carmen Schwarzinger	Trident Global Opportunities Fund - Units	152,778.00	1,448.00
20-Sep-2002	6 Purchasers	Trident Global Opportunities Fund - Units	300,264.00	2,837.00
27-Sep-2002	Donald McLuckie	Trident Global Opportunities RSP Fund - Units	26,189.00	264.00
30-Sep-2002	4 Purchasers	Vertex Fund - Trust Units	263,549.71	10,197.00
07-Oct-2002	4 Purchasers	Watch This Inc. - Common Shares	47,890.00	478,900.00

**RESALE OF SECURITIES - (FORM 45-501F2)**

<u>Transaction Date</u>	<u>Seller</u>	<u>Security</u>	<u>Total Selling Price</u>	<u>Number of Securities</u>
09-Oct-2002	Galileo Equity Management Inc.	Galileo Private Balanced Index Fund - Units	184,346.43	

**NOTICE OF INTENTION TO DISTRIBUTE SECURITIES AND ACCOMPANYING DECLARATION UNDER SECTION 2.8 OF MULTILATERAL INSTRUMENT 45-102 RESALE OF SECURITIES - FORM 45-102F3**

<u>Seller</u>	<u>Security</u>	<u>Number of Securities</u>
Oswaldo Iadarola	Audiotech Healthcare Corporation - Common Shares	100,000.00
M.S. Carr + Associates Ltd.	Bitterroot Resources Ltd. - Common Shares	850,000.00
Discovery Capital Corporation	CardioComm Solutions Inc. - Common Shares	1,440,500.00
Chengfeng Zhou	China Ventures Inc. - Shares	8,500,000.00
Douglas Goodfellow	Goodfellow Inc. - Shares	8,000.00
Douglas Goodfellow	Goodfellow Inc. - Shares	5,810.00
Gordon Magrill	Library Information Software Corp. - Shares	2,000,000.00
Paros Enterprises Limited	Morguard Corporation - Common Shares	2,000,000.00
Donald A. Simon	Senator Mineral Inc. - Common Shares	250,000.00
Stanley G. Hawkins	Tandem Resources Ltd. - Common Shares	6,001,344.00

**REPORTS MADE UNDER SUBSECTION 2.7(1) OF MULTILATERAL INSTRUMENT 45-102 RESALE OF SECURITIES WITH RESPECT TO AN ISSUER THAT HAS CEASED TO BE A PRIVATE COMPANY OR PRIVATE ISSUER - FORM 45-102F1**

<u>Issuer</u>	<u>Date the Company Ceased to be a Private Company or Private Issuer</u>
Cellbucks Payments Networks Inc.	8/31/02
Triton Global Business Services Inc.	8/26/02

## Chapter 11

# IPOs, New Issues and Secondary Financings

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**Issuer Name:**

CIBC Euro High Yield Cash Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated October 11th, 2002  
Mutual Reliance Review System Receipt dated October 17th, 2002

**Offering Price and Description:**

Mutual Fund Securities Net Asset Value

**Underwriter(s) or Distributor(s):**

CIBC Securities Inc.

**Promoter(s):**

Canadian Imperial Bank of Commerce

Project #486102

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**Issuer Name:**

Clean Power Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Preliminary Prospectus dated October 16th, 2002  
Mutual Reliance Review System Receipt dated October 17th, 2002

**Offering Price and Description:**

\$\$75,480,000 -7,4000,000 Subscription Receipts, each representing the right to receive one Trust Unit

**Underwriter(s) or Distributor(s):**

Scotia Capital Inc.

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

RBC Dominion Securities Inc.

National Bank Financial Inc.

**Promoter(s):**

Clean Power Inc.

Project #486215

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**Issuer Name:**

Coastal Value Fund Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Prospectus dated October 22nd, 2002  
Mutual Reliance Review System Receipt dated October 22nd, 2002

**Offering Price and Description:**

\$ \* - \* Senior Preferred Shares @ \$25.00 per Senior Preferred Share

**Underwriter(s) or Distributor(s):**

Scotia Capital Inc.

TD Securities Inc.

CIBC World Markets Inc.

RBC Dominion Securities Inc.

National Bank Financial Inc.

Desjardins Securities Inc.

Bieber Securities Inc.

Dundee Securities Corporation

UBS Bunting Warburg Inc.

Wellington West Capital Inc.

**Promoter(s):**

Coastal Investments Inc.

Project #487658

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**Issuer Name:**

Custom Direct Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Prospectus dated October 21st, 2002  
Mutual Reliance Review System Receipt dated October 22nd, 2002

**Offering Price and Description:**

Cdn\$ \* - \* Units @ \$10.00 per Unit

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.

TD Securities Inc.

Scotia Capital Inc.

Griffiths McBurney & Partners

National Bank Financial Inc.

**Promoter(s):**

MDC Corporation Inc.

Project #487456



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**Issuer Name:**

Dow Jones Target 10 Trust, 2003 Portfolio  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated October 18th, 2002

Mutual Reliance Review System Receipt dated October 18th, 2002

**Offering Price and Description:**

Series A and F Units

**Underwriter(s) or Distributor(s):**

First Defined Portfolio Management Co.

**Promoter(s):**

First Defined Portfolio Management Co.

**Project #487141**

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**Issuer Name:**

Legacy Hotels Real Estate Investment Trust  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated October 18th, 2002

Mutual Reliance Review System Receipt dated October 18th, 2002

**Offering Price and Description:**

\$150,150,000 - 19,500,000 Units @ \$7.70 per Unit

**Underwriter(s) or Distributor(s):**

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

Scotia Capital Inc.

TD Securities Inc.

National Bank Financial Inc.

Raymond James Ltd.

Salman Partners Inc.

**Promoter(s):**

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**Project #487150**

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**Issuer Name:**

Newfoundland Power Inc.  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated October 16th, 2002

Mutual Reliance Review System Receipt dated October 16th, 2002

**Offering Price and Description:**

\$75,000,000 - \*% First Mortgage Sinking Fund Bonds, Series AJ (redeemable)

**Underwriter(s) or Distributor(s):**

Scotia Capital Inc.

BMO Nesbitt Burns Inc.

**Promoter(s):**

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**Project #486435**

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**Issuer Name:**

Pengrowth Energy Trust  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated October 16th, 2002

Mutual Reliance Review System Receipt dated October 17th, 2002

**Offering Price and Description:**

\$Cdn \$250,000,000 - \* Trust Units @ \$\* per Trust Unit

**Underwriter(s) or Distributor(s):**

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

TD Securities Inc.

National Bank Financial Inc.

Scotia Capital Inc.

UBS Bunting Warburg Inc.

HSBC Securities (Canada) Inc.

Canaccord Capital Corporation

Raymond James Ltd.

Dundee Securities Corporation

FirstEnergy Capital Corp.

**Promoter(s):**

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**Project #486724**

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**Issuer Name:**

Qwest Energy II Limited Partnership  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Prospectus dated October 18th, 2002

Mutual Reliance Review System Receipt dated October 21st, 2002

**Offering Price and Description:**

Minimum \$2,000,000 to Maximum \$25,000,000 - 80,000 to 1,000,000 Units @ \$25.00 per Unit.

Minimum Purchase: 100 Units

**Underwriter(s) or Distributor(s):**

Canaccord Capital Corporation

Dundee Securities Corporation

TD Securities Inc.

HSBC Securities (Canada) Inc.

Raymond James Ltd.

Wellington West Capital Inc.

Alara Securities Inc.

IPC Securities Corporation

**Promoter(s):**

Qwest Energy Corp.

**Project #487326**

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**Issuer Name:**

R Corporate Treasury Fund  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Simplified Prospectus dated October 16th, 2002  
Mutual Reliance Review System Receipt dated October 18th, 2002

**Offering Price and Description:**

(Class A and B Units)

**Underwriter(s) or Distributor(s):**

**Promoter(s):**

BLC-Edmond de Rothschild Asset Management Inc.  
**Project #486963**

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**Issuer Name:**

Scotia Canadian Small Cap Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated October 16th, 2002  
Mutual Reliance Review System Receipt dated October 22nd, 2002

**Offering Price and Description:**

Scotia Private Client Units

**Underwriter(s) or Distributor(s):**

Scotia Securities Inc.

**Promoter(s):**

The Bank of Nova Scotia  
**Project #487217**

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**Issuer Name:**

Scotia Partners Income & Modest Growth Portfolio  
Scotia Partners Conservative Growth Portfolio  
Scotia Partners Balanced Income & Growth Portfolio  
Scotia Partners Aggressive Growth Portfolio  
Scotia Canadian Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated October 16th, 2002  
Mutual Reliance Review System Receipt dated October 22nd, 2002

**Offering Price and Description:**

Class A, F, and I Units

**Underwriter(s) or Distributor(s):**

Scotia Securities Inc.

**Promoter(s):**

The Bank of Nova Scotia  
**Project #487082**

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**Issuer Name:**

WATT Limited Partnership II  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Prospectus dated October 17th, 2002  
Mutual Reliance Review System Receipt dated October 18th, 2002

**Offering Price and Description:**

\$2,000,000 to 15,000,000 - 2,000 to 15,000 Units. Price \$1,000 per Unit. Minimum Purchase of 10 Units.

**Underwriter(s) or Distributor(s):**

Yorkton Securities Inc.

**Promoter(s):**

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**Project #487092**

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**Issuer Name:**

AIC World Advantage Fund  
AIC RSP World Advantage Fund  
AIC Global Advantage Fund  
AIC RSP Global Advantage Fund  
AIC Global Technology Fund  
AIC RSP Global Technology Fund  
AIC Global Developing Technologies Fund  
AIC RSP Global Developing Technologies Fund  
AIC Global Science & Technology Fund  
AIC RSP Global Science & Technology Fund  
AIC Global Telecommunications Fund  
AIC RSP Global Telecommunications Fund  
AIC Global Medical Science Fund  
AIC RSP Global Medical Science Fund  
AIC International Leaders Fund  
AIC RSP International Leaders Fund  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 11th, 2002 to the Amended and Restated Simplified Prospectus and Annual Information Form dated September 18th, 2002, amending and restating Simplified Prospectuses and Annual Information Forms dated

August 21st, 2002

Mutual Reliance Review System Receipt dated 18<sup>th</sup> day of October, 2002

**Offering Price and Description:**

Mutual Fund Units and Class F Units

**Underwriter(s) or Distributor(s):**

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**Promoter(s):**

AIC Limited

**Project #461981**

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**Issuer Name:**

AIC World Advantage Corporate Class  
AIC Global Advantage Corporate Class  
AIC Global Technology Corporate Class  
AIC Global Developing Technologies Corporate Class  
AIC Global Science & Technology Corporate Class  
AIC Global Medical Science Corporate Class  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 11th, 2002 to the Amended and Restated Simplified Prospectus and Annual Information Form dated May 3<sup>rd</sup>, 2002, amending and restating Simplified Prospectus and Annual Information Form of the above issuers dated April 19<sup>th</sup>, 2002 for AIC Total Yield Corporate Class and dated March 20<sup>th</sup>, 2002 for all other Funds.  
Mutual Reliance Review System Receipt dated 18<sup>th</sup> day of October, 2002

**Offering Price and Description:**

Mutual Fund Shares and Series F Shares

**Underwriter(s) or Distributor(s):**

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**Promoter(s):**

AIC Limited

**Project #421065**

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**Issuer Name:**

Cartier Tactical Asset Allocation Fund  
Principal Regulator - Quebec

**Type and Date:**

Amendment #1 dated October 4th, 2002 to Simplified Prospectus and Annual Information Form dated February 25th, 2002  
Mutual Reliance Review System Receipt dated 15<sup>th</sup> day of October, 2002

**Offering Price and Description:**

Mutual Fund Securities Net Asset Value

**Underwriter(s) or Distributor(s):**

Cartier Partners Securities Inc.  
Cartier Partners Financial Services Inc.  
Cartier Partners Financial Ltd.  
Desjardins Trust Investment Services Inc.

**Promoter(s):**

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**Project #416746**

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**Issuer Name:**

StrategicNova Canadian Large Cap Value Fund  
StrategicNova Canadian Large Cap Growth Fund  
StrategicNova Canadian Midcap Growth Fund  
StrategicNova Canadian Midcap Value Fund  
StrategicNova Canadian Small Cap Fund  
StrategicNova U.S. Large Cap Growth Fund Ltd.  
StrategicNova U.S. Large Cap Value Fund  
StrategicNova U.S. Midcap Value Fund  
StrategicNova U.S. Midcap Value RSP Fund  
StrategicNova World Large Cap Fund  
StrategicNova World Equity Fund  
StrategicNova World Equity RSP Fund  
StrategicNova Europe Fund  
StrategicNova Europe RSP Fund  
StrategicNova Asia-Pacific Fund  
StrategicNova Emerging Markets Fund  
StrategicNova TopGuns Fund  
StrategicNova Canadian Asset Allocation Fund  
StrategicNova Canadian Balanced Fund  
StrategicNova Canadian Aggressive Balanced Fund  
StrategicNova World Strategic Asset Allocation Fund  
StrategicNova World Strategic Asset Allocation RSP Fund  
StrategicNova Commonwealth World Balanced Fund Ltd.  
StrategicNova SAMI Fund  
StrategicNova World Precious Metals Fund  
Principal Regulator - Ontario

**Type and Date:**

Amendment #2 dated October 10th, 2002 to the Amended and Restated Simplified Prospectuses and Annual Information Forms dated December 6<sup>th</sup>, 2001, amending and restating Simplified Prospectus and Annual Information Form dated October 30, 2001  
Mutual Reliance Review System Receipt dated 22<sup>nd</sup> day of October, 2002

**Offering Price and Description:**

Mutual Fund Securities Net Asset Value

**Underwriter(s) or Distributor(s):**

StrategicNova Funds Management Inc.

**Promoter(s):**

StrategicNova Funds Management Inc.

**Project #376939**

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**Issuer Name:**

Working Ventures Canadian Fund Inc.  
Working Ventures II Technology Fund Inc.  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated October 17th, 2002 to Prospectus dated January 10th, 2002  
Mutual Reliance Review System Receipt dated 22<sup>nd</sup> day of October, 2002

**Offering Price and Description:**

Class A Shares.

Offering Price: Net Asset Value per Class A Share

**Underwriter(s) or Distributor(s):**

Working Ventures Investment Services Inc.

**Promoter(s):**

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**Project #398121**

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**Issuer Name:**

Crescent Point Energy Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Final Prospectus dated October 15th, 2002  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of October, 2002

**Offering Price and Description:**

\$10,090,500.00 - 3,255,000 Class A Shares Issuable upon the Exercise of Special Warrants @\$3.10 per Special Warrant

**Underwriter(s) or Distributor(s):**

Yorkton Securities Inc.  
Griffiths McBurney & Partners  
Firstenergy Capital Corp.  
National Bank Financial Inc.  
Haywood Securities Inc.  
Octagon Capital Corporation

**Promoter(s):**

Paul Colborne  
**Project #481913**

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**Issuer Name:**

TD Capital Trust II  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated October 15th, 2002  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of October, 2002

**Offering Price and Description:**

\$350,000,000.00 - 350,000 TD Capital Trust II Securities — Series 2012-1 (TD CaTS II .)

**Underwriter(s) or Distributor(s):**

TD Securities Inc.

**Promoter(s):**

The Toronto-Dominion Bank  
**Project #481282**

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**Issuer Name:**

Terraquest Energy Corporation  
Principal Regulator - Alberta

**Type and Date:**

Final Prospectus dated October 16th, 2002  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of October, 2002

**Offering Price and Description:**

\$5,500,000.00 - 11,000,000 Common Shares issuable on exercise of outstanding Special Warrants @\$0.50 per Special Warrant

**Underwriter(s) or Distributor(s):**

Griffiths McBurney & Partners  
Peters & Co. Limited

**Promoter(s):**

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**Project #481892**

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**Issuer Name:**

The Toronto-Dominion Bank  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated October 15th, 2002  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of October, 2002

**Offering Price and Description:**

\$350,000,000.00 - 350,000 TD Capital Trust II Securities — Series 2012-1 (TD CaTS II .)

**Underwriter(s) or Distributor(s):**

TD Securities Inc.

**Promoter(s):**

The Toronto-Dominion Bank  
**Project #481280**

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**Issuer Name:**

Acuity Clean Environment Science and Technology Fund  
Acuity All Cap 30 Canadian Equity Fund  
Acuity Social Values Canadian Equity Fund  
Acuity Social Values Global Equity Fund  
Acuity G7 RSP Equity Fund  
Acuity Global Equity Fund  
Acuity Canadian Balanced Fund  
Acuity Canadian Equity Fund  
Acuity Money Market Fund  
Acuity Fixed Income Fund  
Acuity Clean Environment Global Equity Fund  
Acuity Clean Environment Balanced Fund  
Acuity Clean Environment Equity Fund  
Acuity High Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated October 15th, 2002  
Mutual Reliance Review System Receipt dated 17<sup>th</sup> day of October, 2002

**Offering Price and Description:**

(Class A and F Units)

**Underwriter(s) or Distributor(s):**

Clean Environment Mutual Funds Ltd.  
Acuity Funds Ltd.

**Promoter(s):**

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**Project #481078**

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**Issuer Name:**

Elliott & Page Diversified Fund  
Elliott & Page Core Canadian Equity Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated October 15th, 2002  
Mutual Reliance Review System Receipt dated 18<sup>th</sup> day of October, 2002

**Offering Price and Description:**

(Advisor Class Units)

**Underwriter(s) or Distributor(s):**

Elliott & Page Limited

**Promoter(s):**

Elliott & Page Limited

**Project #468099**

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**Issuer Name:**

Elliott & Page U.S. Alphametrics Fund  
Elliott & Page Canadian Alphametrics Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated October 15th, 2002  
Mutual Reliance Review System Receipt dated 18<sup>th</sup> day of October, 2002

**Offering Price and Description:**

(Advisor Class and Class I Units)

**Underwriter(s) or Distributor(s):**

Elliott & Page Limited

**Promoter(s):**

Elliott & Page Limited

**Project #468126**

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**Issuer Name:**

IG AGF International Bond Fund  
IG AGF Canadian Growth Fund II  
IG AGF Canadian Balanced Fund  
IG AGF U.S. Growth Fund II  
IG AGF International Equity Fund  
IG AGF U.S. Growth RSP Fund  
Investors Global Science & Technology RSP Fund  
1World Moderate Portfolio  
1World Moderate Conservative Portfolio  
1World Moderate Aggressive Registered Portfolio  
1World Moderate Aggressive Portfolio  
1World Conservative Portfolio  
1World Aggressive Portfolio  
1World Aggressive Registered Portfolio  
Investors Pan Asian Growth Fund  
Investors Global Financial Services Fund  
IG FI U.S. Equity Fund  
IG FI Global Equity Fund  
IG FI Canadian Equity Fund  
IG FI Canadian Allocation Fund  
Janus Global Equity Fund: IG Class Units  
Janus American Equity Fund: IG Class Units  
Investors Mergers & Acquisitions Fund  
Investors Canadian High Yield Money Market Fund  
Investors Global e.Commerce Fund  
Investors European Mid-Cap Growth Fund  
IG Templeton World Bond Fund  
IG Templeton World Allocation Fund  
IG Templeton International Equity Fund  
IG Goldman Sachs U.S. Equity Fund  
IG Mackenzie Ivy European Fund  
IG Mackenzie Universal Emerging Markets Fund  
IG Mackenzie Select Managers Canada Fund  
IG Mackenzie Income Fund  
IG Mackenzie Maxxum Dividend Fund  
IG AGF U.S. Growth Fund  
IG AGF Canadian Growth Fund  
IG AGF Canadian Diversified Growth Fund  
IG AGF Asian Growth Fund  
Investors U.S. Large Cap Value RSP Fund  
Investors Japanese Growth RSP Fund  
Investors Global RSP Fund  
Investors European Growth RSP Fund  
Investors Quebec Enterprise Fund

Investors Retirement High Growth Portfolio  
Investors Canadian Balanced Fund  
Investors Global Science & Technology Fund  
Investors Canadian Small Cap Growth Fund  
Investors Canadian Enterprise Fund  
Investors U.S. Money Market Fund  
Investors Growth Plus Portfolio  
Investors World Growth Portfolio  
Investors U.S. Opportunities Fund  
Investors U.S. Large Cap Value Fund  
Investors Summa Fund  
Investors U.S. Large Cap Growth Fund  
Investors Retirement Plus Portfolio  
Investors Canadian Large Cap Value Fund  
Investors Retirement Growth Portfolio  
Investors Pacific International Fund  
Investors Canadian High Yield Income Fund  
Investors North American Growth Fund  
Investors Mutual of Canada  
Investors Mortgage Fund  
Investors Canadian Money Market Fund  
Investors Latin American Growth Fund  
Investors Japanese Growth Fund  
Investors Income Portfolio  
Investors Income Plus Portfolio  
Investors Growth Portfolio  
Investors Government Bond Fund  
Investors Global Fund  
Investors Global Bond Fund  
Investors European Growth Fund  
Investors Dividend Fund  
Investors Corporate Bond Fund  
Investors Canadian Small Cap Fund  
Investors Canadian Natural Resource Fund  
Investors Canadian Equity Fund  
Investors Asset Allocation Fund  
IG Sceptre Canadian Equity Fund  
IG Sceptre Canadian Bond Fund  
IG Sceptre Canadian Balanced Fund  
IG Beutel Goodman Canadian Small Cap Fund  
IG Beutel Goodman Canadian Equity Fund  
IG Beutel Goodman Canadian Balanced Fund  
Principal Regulator - Manitoba

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated October 15th, 2002  
Mutual Reliance Review System Receipt dated 18<sup>th</sup> day of October, 2002

**Offering Price and Description:**

Mutual Fund Securities Net Asset Value

**Underwriter(s) or Distributor(s):**

Investors Group Financial Services Inc.  
Les Services Investors Limitee

**Promoter(s):**

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**Project #478774**

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**Issuer Name:**

Investors Global Natural Resources Class  
Investors Global Infrastructure Class  
Investors Global Consumer Companies Class  
Managed Yield Class  
Investors Mergers & Acquisitions Class  
Investors Global e.Commerce Class  
Investors Global Health Care Class  
Investors Global Science & Technology Class  
Investors Global Financial Services Class  
IG Mackenzie Universal Emerging Markets Class  
IG Mackenzie Ivy European Class  
IG AGF Asian Growth Class  
Investors Latin American Growth Class  
Investors Pan Asian Growth Class  
Investors European Mid-Cap Growth Class  
Investors European Growth Class  
Investors Japanese Growth Class  
Investors Pacific International Class  
Investors North American Growth Class  
IG Mackenzie Ivy Foreign Equity Class  
IG AGF International Equity Class  
IG FI Global Equity Class  
IG Templeton International Equity Class  
Investors International Small Cap Class  
Investors Global Class  
IG Goldman Sachs U.S. Equity Class  
IG Janus American Equity Class  
IG AGF U.S. Growth Class  
IG FI U.S. Equity Class  
Investors U.S. Small Cap Class  
Investors U.S. Opportunities Class  
Investors U.S. Large Cap Growth Class  
Investors U.S. Large Cap Value Class  
IG Mackenzie Select Managers Canada Class  
IG AGF Canadian Growth Class  
IG AGF Canadian Diversified Growth Class  
IG FI Canadian Equity Class  
IG Sceptre Canadian Equity Class  
IG Beutel Goodman Canadian Equity Class  
Investors Canadian Small Cap Class  
Investors Canadian Small Cap Growth Class  
Investors Quebec Enterprise Class  
Investors Summa Class  
Investors Canadian Enterprise Class  
Investors Canadian Large Cap Value Class  
Investors Canadian Equity Class  
Principal Regulator - Manitoba

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated October 16th, 2002  
Mutual Reliance Review System Receipt dated 21<sup>st</sup> day of October, 2002

**Offering Price and Description:**

Mutual Fund Securities Net Asset Value

**Underwriter(s) or Distributor(s):**

Investors Group Financial Services Inc.  
Les Services Investors Limitee

**Promoter(s):**

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**Project #470498**

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**Issuer Name:**

National Bank Strategic Yield Class  
Principal Regulator - Quebec

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated October 16th, 2002  
Mutual Reliance Review System Receipt dated 17<sup>th</sup> day of October, 2002

**Offering Price and Description:**

Mutual Fund Securities Net Asset Value

**Underwriter(s) or Distributor(s):**

National Bank Securities Inc.

**Promoter(s):**

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**Project #465124**

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**Issuer Name:**

Pharmaceutical Trust, 2002 Portfolio  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated October 15th, 2002  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of October, 2002

**Offering Price and Description:**

(Series A and Series F Units)

**Underwriter(s) or Distributor(s):**

First Defined Portfolio Management Co.

**Promoter(s):**

First Defined Portfolio Management Co.

**Project #482314**

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**Issuer Name:**

RBC Advisor Global Titans Class  
RBC Advisor Global Communications and Media Class  
RBC Advisor Global Consumer Trends Class  
RBC Advisor Global Financial Services Class  
RBC Advisor Global Health Sciences Class  
RBC Advisor Global Industrials Class  
RBC Advisor Global Resources Class  
RBC Advisor Global Technology Class  
RBC Advisor U.S. Equity Class  
RBC Advisor Global Small Cap Equity Class  
RBC Advisor Emerging Markets Equity Class  
RBC Advisor Global Balanced Class  
RBC Advisor Short-Term Income Class  
(Classes of RBC Advisor Global Fund Inc.)  
RBC Advisor Canadian Bond Fund  
RBC Advisor Global High Yield Fund  
RBC Advisor Blue Chip Canadian Equity Fund  
Royal Balanced Fund  
Royal Balanced Growth Fund  
Royal Select Conservative Portfolio  
Royal Select Balanced Portfolio  
Royal Select Growth Portfolio  
Royal Select Choices Conservative Portfolio  
Royal Select Choices Balanced Portfolio  
Royal Select Choices Growth Portfolio  
Royal Select Choices Aggressive Growth Portfolio  
Royal Canadian Equity Fund  
Royal European Equity Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated October 11th, 2002  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of October, 2002

**Offering Price and Description:**

(Series A Shares, Series F Shares, Series A Units, Series F Units and Advisor Series Units)

**Underwriter(s) or Distributor(s):**

Royal Mutual Funds Inc.  
RBC Dominion Securities Inc.

**Promoter(s):**

RBC Funds Inc.

**Project #479650**

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**Issuer Name:**

Sprott Canadian Equity Fund  
Sprott Gold and Precious Minerals Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated October 9th, 2002  
Mutual Reliance Review System Receipt dated 17<sup>th</sup> day of October, 2002

**Offering Price and Description:**

Mutual Fund Securities Net Asset Value

**Underwriter(s) or Distributor(s):**

Sprott Securities Inc.

**Promoter(s):**

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**Project #480857**

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**Issuer Name:**

Midway Gold Corp.  
Principal Jurisdiction - British Columbia

**Type and Date:**

Preliminary Long Form Prospectus dated July 26th, 2002  
Withdrawn on October 15th, 2002

**Offering Price and Description:**

1,134,500 Units to be issued upon the exercise of  
1,134,500 Special Warrants

**Underwriter(s) or Distributor(s):**

Haywood Securities Inc.

**Promoter(s):**

Brian J. McAlister

**Project #468442**

## Chapter 12

# Registrations

### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Worldsource Securities Inc. Attention: John Thomas Hunt Chief Compliance Officer 60 Columbia ay Suite 320 Markham ON L3R 0C9	Investment Dealer Equities	Oct 17/02
New Registration	Harborside Securities, LLC c/o Stikeman Elliott Attention: Nicole Plotkin 5300 Commerce Court West 199 bay Street Toronto ON M5L 1B9	International Dealer	Oct 21/02
New Registration	First Montauk Securities Corp. Attention: Kenneth G. Ottenbreit c/o 152928 Canada Inc. 5300 Commerce Court West PO Box 85 Toronto ON M5L 1B9	International Dealer	Oct 22/02
New Registration	W. A. Robinson & Associates Ltd. Attention: Wayne A. Robinson The Simonett Building Box 208 Sharbot Lake ON K0H 2P0	Investment Counsel	Oct 22/02
Change in Category (Categories)	Successful Investor Wealth Management Inc. Attention: Patrick Michael McKeough 245 Fairview Mall Drive Suite 438 Toronto ON M2J 4T1	From: Investment Counsel & Portfolio Manager  To: Limited Market Dealer Investment Counsel & Portfolio Manager	Oct 15/02



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## Chapter 13

# SRO Notices and Disciplinary Proceedings

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### 13.1.1 IDA Penalty Hearing - Joseph C. Stauffer

**NEWS RELEASE**  
For immediate release

#### **NOTICE TO PUBLIC: PENALTY HEARING**

#### **IN THE MATTER OF JOSEPH C. STAUFFER**

**October 16, 2002** (Toronto, Ontario) – The Investment Dealers Association of Canada announced today that a hearing date has been set before a panel of the Ontario District Council of the Association to consider sanctions to be imposed on Joseph Stauffer for refusing and/or failing to attend and give information in respect of an investigation being conducted by the Association's Enforcement Department concerning activities while he was employed as a registered representative at RBC Dominion Securities. On September 30, 2002, the Ontario District Council found Mr. Stauffer to have violated Association By-law 19.5.

The penalty hearing is scheduled to commence at 9:00 a.m. on November 1<sup>st</sup>, 2002, at the Exchange Conference Centre, 17<sup>th</sup> Floor, 121 King Street West, Toronto, Ontario. The hearing is open to the public except as may be required for the protection of confidential matters. Copies of the Decision of the District Council will be made available.

The Investment Dealers Association of Canada is the national self-regulatory organization and representative of the securities industry. The Association's role is to foster fair, efficient and competitive capital markets by encouraging participation in the savings and investment process and by ensuring the integrity of the marketplace. The IDA enforces rules and regulations regarding the sales, business and financial practices of its Member firms. Investigating complaints and disciplining Members are part of the IDA's regulatory role.

*For further information, please contact:*

Alex Popovic  
Vice President, Enforcement  
(416) 943-6904 or [apopovic@ida.ca](mailto:apopovic@ida.ca)

Jeff Kehoe  
Director, Enforcement Litigation  
(416) 943-6996 or [jkehoe@ida.ca](mailto:jkehoe@ida.ca)

### 13.1.2 Notice of Commission Approval of Amendments to IDA Regulation 100.12 – Capital and Margin Requirements for Capital Trust Securities

#### **AMENDMENTS TO IDA REGULATION 100.12 – CAPITAL AND MARGIN REQUIREMENTS FOR CAPITAL TRUST SECURITIES**

#### **NOTICE OF COMMISSION APPROVAL**

The Ontario Securities Commission approved amendments to IDA Regulation 100.12 regarding capital and margin requirements for capital trust securities subject to the condition that the references to the Alberta Stock Exchange and the Vancouver Stock Exchange be removed. In addition, the Saskatchewan Securities Commission approved, the Alberta Securities Commission did not disapprove and the British Columbia Securities Commission did not object to these amendments subject to the same condition. The purpose of the amendments is to establish specific capital and margin requirements for capital trust securities that are reflective of their market risk. A copy and description of these amendments were published on July 5, 2002 at (2002) 25 OSCB 4345. No comments were received.

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