

The Ontario Securities Commission

OSC Bulletin

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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

NOVEMBER 15, 2002

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

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

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

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Kerry D. Adams, FCA	—	KDA
Derek Brown	—	DB
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

December 05, 2002
10:00 a.m.
Small Hearing Room

Meridian Resources Inc. and Steven Baran

s. 127

K. Manarin in attendance for Staff

Panel: TBA

November 19, 2002
9:00 a.m.
22nd Floor,
Training Room

Lydia Diamond Explorations of Canada, Jurgen von Anhalt, Emilia von Anhalt

s. 127

M. Britton in attendance for Staff

Panel: PMM / HLM / MTM

February 17 to 21, 2003 and
February 25 to
28, 2003.

Teodosio Vincent Pangia, Agostino Capista and Dallas/North Group Inc.

s. 127

All days 10:00 a.m. Y. Chisholm in attendance for Staff
Except, February 18, 2003 at 2:30 p.m.

Panel: TBA

November 15, 2002
10:30 a.m.
22nd Floor,
Training Room

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

s. 127

J. Superina in attendance for Staff

Panel: HIW

Notices / News Releases

November 18 to **Brian Costello**
22, 2002
November 28, 29 s. 127
and December 2, H. Corbett in attendance for Staff
2002
10:00 a.m. Panel: PMM / KDA/MTM
22nd Floor,
Training Room

November 15, **Donald McCrory**
2002
11:00 a.m. s. 127
22nd Floor,
Training Room T. Pratt in attendance for Staff
Panel: HIW/RWD

November 20 to **Michael Goselin, Irvine Dyck,**
December 4, 2002 **Donald Mccrory and Roger**
Chiasson
10:00 a.m. s. 127
Alcohol and T. Pratt in attendance for Staff
Gaming Commission, 20
Dundas St. W., 7th Floor 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 s.127
9:30 a.m. - 4:30
p.m. 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: 10:00 a.m. 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
Inc. and Douglas G. Murdock
10:00 a.m. s. 127
A. Clark in attendance for Staff
Panel: PMM

January 15 & 16, **Offshore Marketing Alliance and**
2003 **Warren English**
s. 127
A. Clark in attendance for Staff
Panel: TBA

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

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 CSA Staff Notice 55-308 - Questions on Insider Reporting

**CANADIAN SECURITIES ADMINISTRATORS
STAFF NOTICE – 55-308
QUESTIONS ON INSIDER REPORTING**

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**CANADIAN SECURITIES ADMINISTRATORS
STAFF NOTICE – 55-308
QUESTIONS ON INSIDER REPORTING**

INTRODUCTION

This notice contains questions and answers regarding insider reporting (QAs). The QAs will assist filers to better understand the insider trade reporting requirements under the provincial securities laws across Canada. The QAs will also help insiders meet their filing obligations.

The Canadian Securities Administrators (CSA) hope you find the QAs helpful. However, they represent a guide for general use. In any individual cases of doubt, the user should obtain legal advice as to their status under the securities laws.

The QAs cover questions on insider reporting in general and how to report your insider trades on the insider report paper form. The CSA intends to publish additional questions and answers regarding electronic insider reporting and the System for Electronic Disclosure by Insiders (SEDI) at a later date.

Please see Appendix A for information on how to contact the various Securities Commissions regarding insider reporting. Appendix A also includes the website addresses for the Securities Commissions where you can find information on insider reporting.

SOME DEFINED TERMS

To help you understand some of the frequently used defined terms referred to in the QAs, here is a list of these terms, along with their meanings.

“**CDS**” means CDS INC., the company developing and operating SEDI under contract from the CSA

“**CSA**” means the Canadian Securities Administrators

“**NI 55-101**” means National Instrument 55-101 *Exemption from Insider Reporting Requirements*, dated May 11, 2001

“**NI 55-102**” means National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*, dated October 19, 2001

“**reporting issuer**” means, generally, a company or other entity that has certain public reporting and other obligations under securities laws because its securities are publicly traded in the relevant province or territory (please see the definition of ‘reporting issuer’ under securities laws)

“**SEC**” means the United States Securities and Exchange Commission

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval

“**SEDI**” means the System for Electronic Disclosure by Insiders

QUESTIONS ON INSIDER REPORTING

1. GENERAL

1.1 Why are insiders required to file insider trading reports?

Generally, provincial securities legislation requires any insider (generally, a director, senior officer or a significant security holder) of a public company or similar entity (reporting issuer) to file reports disclosing the insider’s direct or indirect beneficial ownership of, or control or direction over, securities of that company, and any changes in that ownership. Please see questions 1.9 and 2.1 below. You do not need to file insider reports in New Brunswick, the Northwest Territories, Nunavut, Prince Edward Island or the Yukon because these provinces and territories do not have insider reporting requirements.

1.2 Where can I find the legal requirements for insider reporting?

You can find the legal requirements for insider reporting in the various provincial securities law statutes and their related regulations, rules and policies. See Appendix A for a list of the Securities Commissions with their contact information and website addresses. See Appendix B for a list of where you can find the legal requirements in the legislation of the relevant province.

1.3 Where can I get information about insider reporting?

You can contact the relevant Securities Commission. You can also look on the Commissions' websites for information on insider reporting (see Appendix A for their contact information, including their website addresses).

1.4 Will all the information I disclose on my insider report form be publicly available?

Yes. Insider reports filed with the Securities Commissions are required to be made publicly available. In certain jurisdictions, the insider's residential address given on the form is kept confidential. In other jurisdictions, the Securities Commissions have not determined that insider reports filed (or any part of them) in paper format are to be kept confidential.

1.5 Do I have to pay to file my insider report?

No.

1.6 Do I obtain confirmation from any of the Securities Commission(s) that a Commission has received my insider report?

No. However, if you completed the insider report form incorrectly, staff of a Securities Commission may notify you and ask you to file it correctly. Please note that if you are filing an insider report, you must file the report in all the jurisdictions where you had filed the returned report.

Even if a Securities Commission does not contact you about your report, you cannot assume that you have filed your report correctly. The responsibility for filing timely, complete and accurate insider reports is the responsibility of the insider.

1.7 Can someone else file my insider report for me?

Yes, you can have an agent sign and file the report for you. If you are an individual insider filing in paper format and the report is signed on your behalf by an agent, your agent needs to file a completed power of attorney with the insider report with the Securities Commission of each province in which you are required to report.

1.8 Where must I file my insider report?

You need to file your insider report with the Securities Commissions in the provinces with insider reporting requirements (see Appendix A), where the company of which you are an insider is a reporting issuer (or equivalent). See question 1.9. You can also find the addresses of the Securities Commissions with insider reporting requirements on the back of the insider report form – Form 55-102 F6. Do not send the form to the attention of the person responsible for the collection and use of personal information listed also on the form. These contacts are only to be used for questions regarding the collection and use of personal information.

1.9 How do I know where I have to file the report?

You need to file an insider report in all provinces in which the company (or other entity) of which you are an insider is a reporting issuer. You do not need to file an insider report in New Brunswick, the Northwest Territories, Nunavut, Prince Edward Island or the Yukon because there are no insider reporting requirements there.

For those provinces with insider reporting requirements, you can find out if the company is a reporting issuer in a given province by using the SEDAR website, www.sedar.com, and searching under "Company Profiles".

1.10 What form do I use to file my insider report?

You need to use Form 55-102F6. There are instructions included on the back of the form.

1.11 Where can I get the insider report form?

You can obtain a copy of this form from any of the Securities Commissions with insider reporting requirements (see Appendix A for their contact information). You can also download electronic versions of the form in Portable Document Format (.pdf) and/or Microsoft Word template (using MS Word) from the websites of the Securities Commissions in Alberta, British Columbia, Manitoba, Newfoundland, Ontario and Quebec (see Appendix A) and then print the form.

1.12 Can I use the same form if I have to file my report in more than one province in Canada?

You can use the same form to file the report with any of the provincial securities regulators across Canada with whom you must file a report.

Please see question 1.17 on how to file your report.

1.13 Can I use the Canadian insider report form to file a report with the SEC?

No. If you need to file an insider report form with the SEC, you must use the SEC form.

1.14 Can I use the insider report form filed with the SEC to file insider reports with the provincial Securities Commissions?

Generally not. However insiders of certain issuers may be exempt from filing insider reports in Canada if they file insider reports with the SEC. For example, if you are an insider of a "U.S. issuer", as defined in National Instrument 71-101 *The Multijurisdictional Disclosure System*, that has securities registered under section 12 of the United States Securities Act of 1934, and if you comply with U.S. federal insider reporting laws and file SEC insider reports with the SEC, you do not have to file insider reports in Canada.

In addition, insiders of other foreign issuers that do not file disclosure documents on SEDAR may file copies of their SEC reports instead of the Canadian form (Form 55-102F6), with the provincial Securities Commissions.

1.15 Where can I get information about my transactions in company plans so that I can accurately report them on the form?

If you participate in some form of company plan such as a dividend reinvestment plan or automatic share purchase plan, you can obtain this information from the statements you receive from the plan administrator regarding plan transactions.

1.16 When do I file my insider report?

You need to file your report within 10 calendar days from the date you became an insider if you hold securities of the reporting issuer and then within 10 calendar days after any trades or other changes in your holdings of the reporting issuer. Certain exemptions may allow you to report changes in your holdings later, for example, changes resulting from an automatic share purchase plan. See question 4.9.

1.17 How can I file my insider report?

You can file your report with the relevant Securities Commissions by:

- facsimile
- hand delivery or courier, or
- mail

Fax filing

If you file by facsimile, you need to comply with the provisions of NI 55-102 that cover the filing of insider reports in paper format (Part 3). Fax the report to the facsimile number of the Securities Commission set out on Form 55-102F6. You may also need to comply with any local rules regarding facsimile delivery or filing of insider reports in a relevant province.

Filing by hand or courier

You (or a courier) can deliver your insider report (one original signed report plus one copy – except in British Columbia, only one signed original) to the offices of the relevant Securities Commissions during normal business hours. Please consult these Commissions for information as to their business hours and the specific floor location for hand deliveries to their offices. Some Commissions have mail slots for after-hours delivery. Reports delivered after normal business hours are considered received on the following business day.

Filing by mail

If you file by mail, you need to send in one original, signed insider report plus one copy (British Columbia only requires the signed original) to each Securities Commission with whom you are required to report. Remember that the report must be received by the relevant Commissions on or before the due date, so mail your report several days before it is due.

1.18 What if I file my report late, it is inaccurate or I do not file it at all?

You are responsible for filing complete, accurate and timely insider reports. The information provided by insiders is published as received, but see question 1.6 concerning returned reports. Securities Commissions can take certain actions against insiders who do not comply with the law. In certain situations a cease trade order could be issued for failure to comply with insider reporting requirements.

See also questions in Part 4 on how to report transactions.

In British Columbia, if you file your report late, you will pay a fee of \$50 for each report that should have been filed on time.

1.19 When should I seek legal advice?

You, as the insider, are responsible for complying with the insider reporting requirements. If you have a general question about the filing requirements, please consult staff of the relevant Securities Commission (see Appendix A). They cannot, however, provide legal advice or waive any requirements of the law. The consequences of non-compliance can be serious. If you are uncertain about your legal obligations, you should seek advice from legal counsel who practises securities law.

1.20 What if my information changes after I have filed the report?

You can file an amended report. Record the amendment as a nature of transaction code 99, except if you are amending the nature of the transaction itself. If you are amending the actual nature of transaction, use the corrected code and write "Amendment – nature of transaction" on your form. Although code 99 does not appear on the current list of nature of transaction codes in the instructions to the form (on the back of the form), the CSA intend to amend the form.

1.21 Do I have to file a report if I am an insider of a:

- **labour-sponsored venture capital corporation**
- **mutual fund**
- **limited partnership?**

(1) labour-sponsored venture capital fund corporation (LSVCF)

Yes, in certain jurisdictions. However, the requirements differ depending on the jurisdiction. In Ontario, you need to file insider reports if you are an insider of an LSVCF and hold securities of that LSVCF.

(2) mutual fund

No, you do not have to file insider reports if you are an insider of a mutual fund. In very limited circumstances insiders of mutual funds may have insider reporting requirements as a result of a specific order from a Securities Commission.

(3) limited partnership

Yes, in certain jurisdictions, you need to file insider reports if you are an insider of a limited partnership and hold securities of that limited partnership. You do not need to file reports in Quebec.

1.22 When do I need to file an insider report for securities I acquired or disposed of under an automatic share purchase plan, such as a dividend reinvestment plan?

You can report acquisitions under an automatic share purchase plan, such as a dividend reinvestment plan, for the calendar year within 90 calendar days of the end of the calendar year. See NI 55-101. If you disposed of, or transferred any of those securities during the year, report both the acquisition and disposition/transfer of those securities within 10 calendar days of the disposition. See question 4.9.

1.23 When do I need to report options I acquired under a company stock option plan?

You need to report the grant of stock options because you have acquired securities of the company. You need to report the grant within 10 calendar days of the date you legally acquire ownership of a specific number of options, i.e., the date indicated as the date of grant or if no date is given, the date you are notified of your specific allotment. If the grant is subject to approval by a stock exchange, then the date of grant can be no earlier than the date exchange approval is granted. The date the board of directors of the issuer merely authorizes the grant of options is not the date from which you calculate your requirement to report your grant.

1.24 Do I need to file a report for securities I acquired/disposed of because of an issuer event, such as a stock split?

Yes, you need to file an insider report for securities that were acquired or disposed of as a result of certain issuer events that affect all securities or class of securities of the issuer in the same manner. See question 1.26 for when you need to file these reports.

1.25 For what issuer events do I need to report changes in my securities holdings?

You need to report changes in your holdings in securities of a reporting issuer resulting from such events as a stock dividend, stock split, consolidation, amalgamation, reorganization or other similar event that affects all holdings of a class of securities of an issuer in the same manner, on a per share basis.

1.26 When do I need to file a report for changes in my securities holdings resulting from an issuer event, such as a stock split?

You only need to report changes resulting from an issuer event at the time you need to file your next insider report. See NI 55-101.

1.27 Can an officer of the issuer report issuer events that affect my holdings instead of me reporting the change in my holdings resulting from an issuer event?

No. You, the insider, need to report these changes in your holdings resulting from an issuer event. However, you only need to report these changes the next time you need to file an insider report. See question 1.26.

1.28 What if I am no longer an insider of a particular company?

You no longer need to file any insider reports in respect of securities you hold in that company, provided that you have reported all transactions that took place when you were an insider.

1.29 When am I no longer an insider of a particular company?

You are no longer an insider, for example, if you leave an organization and do not remain as a person who exercises control over more than 10% of the voting securities of that issuer. In all jurisdictions except Quebec, insiders must file reports if they are one of the five highest paid employees. Therefore, in these jurisdictions, if you do not leave the organization, but are no longer one of the five highest paid employees (and are not otherwise a senior officer because of your title, nor are you a significant security holder or a director), you are no longer an insider of that organization. See question 2.1 for the general definition of insider.

1.30 Can I file my report electronically?

No. However, the CSA are continuing to work on implementing a national electronic insider reporting system called the System for Electronic Disclosure by Insiders (SEDI) (see question 1.31).

1.31 What is SEDI?

SEDI is the System for Electronic Disclosure by Insiders. It will replace paper-based reporting of insider trading data for insiders of SEDI issuers. SEDI is a national electronic insider reporting system currently being developed by the CSA. SEDI will require insiders to file electronically their insider reports, and SEDI issuers to file electronically certain information, over the Internet, using a SEDI website. The public will also be able to search for and look at information filed on SEDI over the same website.

SEDI was operational for a period of time from October 29, 2001 to January 31, 2002. However, the SEDI operator had to suspend SEDI due to technical difficulties.

1.32 When will I need to use SEDI?

You will need to use SEDI to file and search for information when the CSA publicly announces that SEDI is again operational.

2. WHO IS AN INSIDER WITH REPORTING OBLIGATIONS?

2.1 Am I an insider?

In general, you are an insider if you hold one or more of the following positions with the reporting issuer:

- director
- senior officer
- significant security holder – that is, if you (or your company) control 10% or more of the voting rights in the issuer's securities (or, in Quebec, 10% of a class of the issuer's securities).

A senior officer generally means:

- the chair, vice-chair, president, vice-president, secretary, treasurer, general manager of a company or any other individual who performs functions for an issuer similar to those normally performed by an individual occupying any of these positions
- each of the five highest paid employees of an issuer (except in Quebec).

Therefore, even if you do not hold a senior officer title, but are one of the top five highest paid employees of the issuer, you are considered an insider in all jurisdictions except Quebec. However, in British Columbia and Saskatchewan, you are not an insider if you are one of the five highest paid employees (and not otherwise a senior officer because of your title), but are a commissioned salesperson not part of management. If you are a vice-president who does not make policy nor has access to material confidential information about the issuer, see question 2.4.

You are also an insider if you are a director or senior officer of a company that is itself an insider or subsidiary of a reporting issuer.

In addition, in certain other circumstances, you may be deemed to be an insider. Please see question 2.3 which explains the circumstances in which you would be deemed to be an insider for insider reporting purposes.

For a definitive answer on whether you are an insider, consult the securities legislation of the relevant province.

2.2 Do I have to report if I am an insider?

Yes. You need to report your holdings and transactions in securities of the reporting issuers of which you are an insider, unless you are exempt.

2.3 Do I need to report for a period before I was a director or senior officer of the relevant reporting issuer?

Yes, in certain situations.

- If you are a director or senior officer of an issuer that itself becomes an insider of a reporting issuer, you are considered to have been an insider of the reporting issuer for the previous six months or for the shorter period that you were a director or senior officer of the issuer.
- If a reporting issuer becomes the insider of another reporting issuer, and if you are a director or senior officer of the latter reporting issuer, you are considered to have been an insider of the former reporting issuer for the previous six months or for the shorter period that you were a director or senior officer of the latter reporting issuer.

If you are such a director or senior officer, you will need to file an initial insider report containing the securities transactions or positions to be reported during these periods. These circumstances may apply, for example, on the amalgamation of two issuers.

2.4 Do I need to file insider reports if I am a vice-president, but do not make policy nor have access to material confidential information about the issuer?

Yes. You need to file insider reports if you hold securities of the reporting issuer. Because you hold the title of vice-president, you are an insider. However, you may wish to apply to the relevant Securities Commission for an exemption from insider reporting requirements. In the CSA Notice 55-306 *Applications for Relief from Insider Reporting Requirements by Certain Vice-Presidents* (CSA Notice 55-306), CSA staff indicated that they would generally support an application for relief from the insider reporting requirements for an individual who holds the title of vice-president but does not ordinarily have access to material confidential information prior to general disclosure and would not reasonably be considered a senior officer from a functional point of view if the application follows the guidelines provided in the Notice. CSA staff anticipate that they will propose an amendment to NI 55-101 to address the issue discussed in Notice 55-306.

2.5 As an insider, do I need to report shares my spouse owns?

You need to report transactions and holdings in shares that your spouse (or any other person related to you) owns when you have control or direction over these shares.

2.6 What do I need to do if I'm an insider of several companies and hold securities in each of these companies?

You need to file a separate insider report for each company in which you hold securities.

2.7 Do I need to file insider trade reports under federal legislation, such as the *Canada Business Corporations Act*?

No. There are no insider reporting requirements currently under the *Canada Business Corporations Act*, *Bank Act*, *Cooperative Credit Associations Act*, *Insurance Companies Act* or *Trust and Loan Companies Act*.

2.8 Do I also need to file an insider report if I file an early warning report (EWR) or an alternative monthly report for a particular transaction (AMR)?

You may not need to file an insider report when you file an EWR or AMR if you can use the exemption provided in National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Report Issues* (Part 9). The EWRs and AMRs are filed on SEDAR.

2.9 Do I need to file a report when I become an insider if I do not own any securities of the issuer?

No.

3. THE INSIDER REPORT FORM

3.1 What do I report when I first become an insider of a reporting issuer and own securities of that issuer?

You need to file an initial insider report within 10 calendar days of becoming an insider of a reporting issuer. You need to disclose your direct or indirect beneficial ownership of, or control or direction over, securities of that issuer.

If you do not own or have control over any securities of the reporting issuer when you become an insider, you do not need to file an initial insider report until you make your first trade in securities of the reporting issuer. You must then file an initial report within 10 calendar days after you made this trade.

3.2 What do I report after I have made my initial insider report?

You need to file an insider report within 10 calendar days of the date on which any change in your holdings of the reporting issuer occurs.

In this report, you need to report:

- Each transaction or event that led to a change in your direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer
- Your holdings in other securities of the reporting issuer that you owned, directed or controlled even though your ownership, direction or control over those securities did not change. Even if this is technically not applicable in Quebec, such reporting is recommended in Quebec.

For electronic insider reporting on SEDI, you will not have to report your holdings in other securities of the reporting issuer that did not change.

The insider report form requires you to use codes to describe such things as your relationship to the issuer, the nature of the transaction, and whether or not your holdings are 'direct' or 'indirect'. The codes are listed on the back of the form.

3.3 What address should I put on the form – my business or home address?

You should put your home address on the form if you are an individual insider.

3.4 Do I need to add the name of the broker or depository as the registered holder of the securities if I own the securities directly?

No. Securities beneficially owned directly but held through a nominee such as a broker or book-based depository are considered direct holdings.

3.5 When do I need to add registered holders and in what circumstances?

You first need to identify the type of ownership, direction or control by choosing the appropriate code (listed on the back of the form). You need to add the name of the registered holder for securities you hold that you do not own directly.

You can hold your securities in the following three ways:

- (1) You can hold them directly. For example, you can hold the securities in an account with your broker, but the account is in your name.
- (2) You can hold them indirectly. For example, you beneficially own common shares in X Co. but the registered owner is another entity such as a holding company, an RRSP or a family trust.
- (3) You can have control or direction over them. You have control or direction over the securities if you, directly or indirectly, through any contract, arrangement, understanding or relationship or otherwise have or share
 - voting power, or
 - investment power.

This would include having control or direction over the securities through a power of attorney, a grant of limited trading authority, or management agreement. For example, you set up a trust for your children in which Co. X securities are held. Because of your relationship with your minor children, you need to report your children's holdings, because you could direct your children to purchase or sell those securities. This may also be the case if your spouse (or any other person related to you) owns the securities, but you have control or direction over those securities.

If you have reported the code for either indirect ownership or control or direction, disclose the name of the registered holder in the space provided. The registered holder is the entity through which you beneficially own the securities, such as an RRSP, holding company, family trust, or the person or company that owns the securities you have control or direction over.

3.6 What codes do I use on the insider report?

You use codes to describe:

- the type of the transaction you are reporting (nature of transaction)
- the type of ownership you have of the securities
- your relationship with the issuer.

A current list of the codes is on the instruction page of Form 55-102F6 (available on the Securities Commissions websites – see Appendix A).

Some of the codes changed in January 2002. It is important that you use the new codes to avoid uncertainty as to the nature of your transaction and to avoid misleading the marketplace.

3.7 How do I add more information about the transactions I am reporting?

The insider report form has space for reporting seven transactions. If you have more than seven transactions to report, you may either:

- complete additional insider reports and mark them as pages 2, 3, etc. of your filing, or
- attach a separate sheet to the insider report which lists the additional transactions and provides the same information that is required by Box 5 of the insider report.

You can also add information in the 'Remarks' box. If more space is needed to describe a complete event, consider cross-referencing a document already publicly disclosed that has this information, such as a press release or a material change report.

3.8 What if I have to change information that I already filed in a report?

You can change this information by filing an amended insider report. See question 1.20.

3.9 Do I have to report all my holdings in all securities of the reporting issuer or just transactions in the securities in which my beneficial ownership changed?

Yes. You have to report all holdings and changes (but see question 3.2).

4. HOW DO I REPORT TRANSACTIONS AND OTHER INFORMATION?

4.1 How do I report transactions?

You report each transaction separately on the form – do not combine or aggregate several transactions and report them as one transaction. However, we do accept aggregation of transactions for normal course issuer bids and automatic securities purchase plans. See questions 4.8 and 4.9.

You should report the transactions by class of security in chronological order by date. For each class of security, you need to report:

- the balance you held (from the closing balance on your last insider report)
- details of each transaction that took place since the last report
- your closing balance.

For each transaction, you need to include the:

- type of security
- date of the transaction
- nature of the transaction (see codes)
- number of securities acquired or disposed of
- unit price
- type of ownership, direction or control (see codes)
- identity of the registered owner if you are not the direct beneficial owner.

4.2 Is a common share and a stock option the same thing?

No. A stock option is the *right* to buy or sell a specific security, such as a common share, at a predetermined price within a specified time. A common share is a security which represents ownership in a company and carries voting privileges.

4.3 What is a derivative?

A derivative is a financial instrument that derives its value from an underlying interest, security or formula. For reporting purposes, derivatives may be classified as either issuer derivatives or third party derivatives.

Issuer derivatives are securities issued by the issuer directly to its insiders. For example, stock options issued by a company to its officers and directors are issuer derivatives. Other issuer derivatives are warrants, rights, and special warrants.

Third party derivatives are securities issued by someone other than the issuer. The price of third party derivatives is based on an underlying interest (such as common shares) issued by the issuer as the underlying security. Third party derivatives include exchange-traded options or over-the-counter options.

4.4 What is an underlying security and how do I report it?

An underlying security is a security you would acquire if you exercised the right attached to another previously acquired security. For example, if you previously acquired an option that is exercisable into a common share, the common share is the "underlying security." You would receive a common share when you exercise the option. You need to report both the grant of the option and, when you exercise the option, the acquisition of the underlying security, the common share.

4.5 What are equity monetization transactions?

Equity monetization transactions are transactions which allow an investor to receive a cash amount similar to proceeds of disposition, and to transfer all or part of the economic risk and/or return associated with securities of an issuer, without actually transferring the legal and beneficial ownership of such securities.

The term "monetization" generally refers to the conversion of an asset (such as securities) into cash.

4.6 Do I have to file insider reports for securities that I have monetized?

This will depend on the particular facts and circumstances of the transaction, and the specific requirements of the applicable provincial securities legislation.

Although we believe that in many cases equity monetization transactions fall within the existing rules governing insider reporting, we recognize that, in certain cases at least, there may be a genuine question whether the existing insider reporting rules apply. In such cases, we would nevertheless recommend that the insider file an insider report in respect of the monetization transaction.

The CSA are currently in the process of developing a proposed National Instrument to address the concern that certain monetization arrangements may, for technical reasons, fall outside of the existing insider reporting requirements.

CSA staff are currently preparing a staff notice containing examples of various types of monetization arrangements, together with examples of completed forms for such arrangements. This staff notice will be published on or before the time the National Instrument is published in final form.

4.7 How do I report transactions involving issuer derivatives?

This is the way we suggest you report in the paper form transactions involving issuer derivatives.

Let's assume you were granted 2,000 options under your company's stock options plan. The options are convertible into common shares on a 1:1 basis.

When you file your initial insider report, report that you acquired 2,000 options on Form 55-102F6 in Box 5. Provide a brief description in Box 6 – Remarks as to the equivalent amount of underlying common shares.

Now let's assume that you just exercised 500 options and acquired 500 common shares.

When you file your insider report you would indicate that you disposed of 500 options (for a present balance of 1,500 options) and that you acquired 500 common (with a new present balance of 500 common shares). In short, you would report two distinct transactions on Form 55-102F6.

BOX 5. INSIDER HOLDINGS AND CHANGES (IF INITIAL REPORT, COMPLETE SECTIONS A, B, C AND D ONLY. SEE ALSO INSTRUCTIONS TO BOX 5)

A DESIGNATION OF CLASS OF SECURITIES	B BALANCE OF CLASS OF SECURITIES ON LAST REPORT	C TRANSACTIONS							D PRESENT BALANCE OF CLASS OF SECURITIES HELD	E DIRECT / INDIRECT OWNERSHIP / CONTROL OR DIRECTION	F IDENTIFY THE REGISTERED HOLDER WHERE OWNERSHIP IS INDIRECT OR WHERE CONTROL OR DIRECTION IS EXERCISED	
		DATE			NATURE	NUMBER/VALUE ACQUIRED	NUMBER/VALUE DISPOSED OF	UNIT PRICE / EXERCISE PRICE				\$ US
DD	MM	YY										
OPTIONS	0	1	1	03	50	2,000		1.50	<input type="checkbox"/>	2,000	1	
									<input type="checkbox"/>			
									<input type="checkbox"/>			
									<input type="checkbox"/>			
									<input type="checkbox"/>			
									<input type="checkbox"/>			
									<input type="checkbox"/>			
									<input type="checkbox"/>			

BOX 6. REMARKS

EACH OPTION CONVERTED INTO 1 COMMON SHARE

ATTACHMENT YES NO
 This form is used as a uniform report for the insider reporting requirements under all provincial securities Acts. The terminology used is generic to accommodate the various Acts.

BOX 5. INSIDER HOLDINGS AND CHANGES (IF INITIAL REPORT, COMPLETE SECTIONS A, B, C AND D ONLY. SEE ALSO INSTRUCTIONS TO BOX 5)

A DESIGNATION OF CLASS OF SECURITIES	B BALANCE OF CLASS OF SECURITIES ON LAST REPORT	C TRANSACTIONS							D PRESENT BALANCE OF CLASS OF SECURITIES HELD	E DIRECT / INDIRECT OWNERSHIP / CONTROL OR DIRECTION	F IDENTIFY THE REGISTERED HOLDER WHERE OWNERSHIP IS INDIRECT OR WHERE CONTROL OR DIRECTION IS EXERCISED	
		DATE			NATURE	NUMBER/VALUE ACQUIRED	NUMBER/VALUE DISPOSED OF	UNIT PRICE / EXERCISE PRICE				\$ US
DD	MM	YY										
OPTIONS	2,000	1	1	04	51		500	1.50	<input type="checkbox"/>	1,500	1	
COMMON SHARES	0	1	1	04	51	500		1.50	<input type="checkbox"/>	500	1	
									<input type="checkbox"/>			
									<input type="checkbox"/>			
									<input type="checkbox"/>			
									<input type="checkbox"/>			
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									<input type="checkbox"/>			

4.8 How does an issuer that is an insider, report transactions under a normal course issuer bid?

Under NI 55-101 an issuer can report acquisitions in connection with a normal course issuer bid (as defined in NI 55-101) within 10 calendar days of the end of the month in which the acquisition occurred, as opposed to within 10 calendar days after the transaction. NI 55-101 requires you to report each acquisition. We recognize that the exemption in NI 55-101 only specifically covers acquisitions. However, the CSA is of the view that each cancellation of the securities acquired under the normal course issuer bid should also be reported at the same time. Therefore, you would report transactions under a normal course issuer bid within 10 calendar days of the end of the month, in the following manner:

Step 1:

Report each acquisition of securities that took place under the normal course issuer bid as a separate transaction, with the appropriate transaction code. If more practical, rather than reporting each acquisition in a given day, you can report each day's acquisitions as one acquisition, using the daily average. For example, if you acquired the securities over a stock exchange, use nature code 38 – redemption/retraction/cancellation/repurchase.

Step 2:

Report each cancellation of securities acquired under the normal course issuer bid as a separate transaction using nature code 38 - redemption/retraction/cancellation/repurchase.

4.9 How do I report acquisitions under an automatic securities purchase plan (including employee share purchase plans (ESOPs) and dividend reinvestment plans (DRIPs))?

Under NI 55-101, if you acquire securities under an automatic securities purchase plan such as an ESOP or DRIP, you must report the acquisition within 90 calendar days of the end of the calendar year. If, however, you dispose of or transfer any securities you acquired under the ESOP or DRIP during the year, both the acquisition and disposition/transfer of those securities must be reported within 10 calendar days of the disposition.

You should report acquisitions under your automatic share purchase plan as a separate transaction, using nature code 30 – acquisition or disposition under a purchase/ownership plan for each transaction.

Alternative Method

We recognize that the time and effort required to report each transaction in the above manner may outweigh the benefits to the market of having this detailed information. We are considering whether insiders should be permitted under securities law to report on a yearly basis aggregate acquisitions (with an average unit price) of the same securities through their automatic share purchase plans. In the meantime, we will not take any action if reports are filed in the following alternative manner:

Report the total number of securities of the *same type* (e.g. common shares) acquired under all automatic share purchase plans for the calendar year as a single transaction using nature code 30. Use December 31 of the relevant year as the date of the transaction, and provide an average unit price (if available). [Alternatively, you can also report the total number of securities acquired under a particular plan identifying the plan in the “Remarks” box.]

BOX 5. INSIDER HOLDINGS AND CHANGES (IF INITIAL REPORT, COMPLETE SECTIONS A, B, C AND D ONLY. SEE ALSO INSTRUCTIONS TO BOX 5)

A DESIGNATION OF CLASS OF SECURITIES	B BALANCE OF CLASS OF SECURITIES ON LAST REPORT	C TRANSACTIONS								D PRESENT BALANCE OF CLASS OF SECURITIES HELD	E DIRECT / INDIRECT OWNERSHIP / CONTROL OR DIRECTION	F IDENTIFY THE REGISTERED HOLDER WHERE OWNERSHIP IS INDIRECT OR WHERE CONTROL OR DIRECTION IS EXERCISED	
		DATE			NATURE	NUMBER/VALUE ACQUIRED	NUMBER/VALUE DISPOSED OF	UNIT PRICE / EXERCISE PRICE	\$ US				
		DD	MM	YY									
COMMON SHARES	0	31	12	02	30	100			10.00	<input type="checkbox"/>	100	I	
										<input type="checkbox"/>			
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BOX 6. REMARKS

ATTACHMENT YES NO

This form is used as a uniform report for the insider reporting requirements under all provincial securities Acts. The terminology used is generic to accommodate the various Acts.

TOTAL ACQUISITIONS UNDER EMPLOYEE SHARE PURCHASE PLAN

Do not aggregate different types of securities under a single transaction. Do not attach your plan statements to your report.

4.10 If I acquire common shares through both an ESOP and a DRIP, do I have to indicate the specific plan through which I acquired the shares in the “Security Designation” box on the insider report?

No. You do not have to indicate the specific plan (e.g. ESOP, DRIP).

4.11 If I acquire securities through an ESOP or a DRIP, do I hold these securities directly or indirectly (i.e. do I indicate the “registered owner” on my report)?

Whether or not you should indicate the ESOP or DRIP as the “registered owner” depends on whether the ESOP or DRIP is the “beneficial owner” of the securities. The answer may be different depending on the terms of the particular plan. However, in most cases, securities issued under these plans are held directly by the insider. You should speak to your employer to find out whether the ESOP or DRIP is the registered owner, or whether you hold these securities directly.

4.12 How do I report holdings of securities under an RRSP?

You should report that you hold these securities *indirectly* and indicate that the “registered owner” is the RRSP.

4.13 How do I report stock-based compensation (other than options) such as deferred share units (DSUs), restricted share awards (RSAs), and stock appreciation rights (SARs)?

One of the most common forms of stock-based compensation is granting options that, upon exercise, are converted into the issuer’s common shares. However, there are other less common types of stock-based compensation. For example, restricted share awards (RSAs) and deferred share units (DSUs) entitle employees to an award of the issuer’s common shares after a specified period. Other forms of stock-based compensation such as stock appreciation rights (SARs) entitle the employee to future cash payments based on the value or growth in value of the issuer’s common shares over a specified period.

- *RSAs and DSUs*

Step 1 – Grant of RSAs or DSUs:

Report the number of RSAs or DSUs awarded in “C” of Box 5 – Transactions, using nature code 56 – Grant of rights. Report the equivalent amount of underlying common shares in the “Remarks” box.

Step 2 – Vesting and distribution of underlying common shares:

When the RSAs or DSUs vest, report an acquisition of the relevant number of underlying common shares as one transaction. You will also need to report a disposition of the corresponding number of the RSAs or DSUs, using the same code, as another transaction.

- *SARs*

If you conclude that your SAR is a security, report the transaction as follows.

Step 1 – Grant of SAR

Report the number of SARs awarded and the exercise price in “C” of Box 5 - Transactions, and report the equivalent amount of underlying common shares in Box 6 - Remarks. Use nature code 56 – Grant of Rights.

Step 2 – Vesting and distribution of cash

Report a disposition of the relevant number of SARs.

4.14 How do I report changes to my holdings as a result of share consolidations/splits?

- *Example: a 4- for-1 consolidation of 100 common shares*

If you held 100 common shares that were consolidated on a 4:1 basis (so that you now hold 25 common shares), you report the change as follows. Calculate the new number of common shares you hold after the consolidation – in this case, 25 common shares. Subtract your new holdings from what you held before the stock consolidation; in this case, 100 –25, and then report the difference as a disposition – i.e. 75 common shares, as a disposition, using nature code 37- Stock split or consolidation.

- *Example: a 4-for-1 split of 100 common shares*

If you held 100 common shares that were split on a 4:1 basis, so that you now hold 400 common shares, you report the change as follows. Calculate the new number of common shares you hold after the split – in this case, 400 common shares. Subtract from this number the number of common shares you held before the split: 400-100, and report the difference – i.e. 300 common shares, as an acquisition using nature code 37.

4.15 How do I report an exercise of options?

There are two steps to report the exercise of an option.

Step 1

Report the number of options being exercised as a disposition. Use nature code 51 to report the disposition. If you're not sure of the amount of underlying shares, contact the company.

Step 2

Show an acquisition of the underlying security (i.e., common shares) that is, based on the exchange ratio, equal to the appropriate amount of options exercised. Use nature code 51 – exercise of options to report the acquisition of the common shares.

BOX 5. INSIDER HOLDINGS AND CHANGES (IF INITIAL REPORT, COMPLETE SECTIONS 5, 6, 7 AND 8 ONLY. SEE ALSO INSTRUCTIONS TO BOX 5)

DESIGNATION OF CLASS OF SECURITIES	BALANCE OF CLASS OF SECURITIES ON LAST REPORT	TRANSACTIONS							PRESENT BALANCE OF CLASS OF SECURITIES HELD	DIRECT / INDIRECT OWNERSHIP / CONTROL OR DIRECTION	IDENTIFY THE REGISTERED HOLDER WHERE OWNERSHIP IS INDIRECT OR WHERE CONTROL OR DIRECTION IS EXERCISED	
		DATE	NATURE	NUMBER/VALUE ACQUIRED	NUMBER/VALUE DISPOSED OF	UNIT PRICE / EXERCISE PRICE	\$ US					
		DD	MM	YY								
OPTIONS	2,000	1	1	04	51		500	1.50	<input type="checkbox"/>	1,500	1	
COMMON SHARES	0	1	1	04	51	500		1.50	<input type="checkbox"/>	500	1	
									<input type="checkbox"/>			
									<input type="checkbox"/>			
									<input type="checkbox"/>			
									<input type="checkbox"/>			
									<input type="checkbox"/>			
									<input type="checkbox"/>			
									<input type="checkbox"/>			

Report the date of the transaction, the exercise price, etc. and then go through the steps required to complete and file your report.

5. TOP FILING ERRORS ON INSIDER REPORTS

5.1 What are the most common filing errors on insider reports?

Here is a list of the most common filing errors made on insider reports. We strongly suggest that you check your proposed filing for these types of errors in order to lessen the likelihood that a Securities Commission will consider your report incorrect and return it to you.

- Problems with reporting your type of ownership - Not reporting by type of holding (direct ownership, indirect ownership, or control or direction), using old ownership codes, or wrong ownership codes
- Problems with reporting the type of transaction - Not reporting the type of transaction (by inserting a nature code), or using old codes
- Problems with reporting transactions under normal course issuer bids – Using old codes or wrong codes, using nature code “97” – Other, and stating it is an issuer bid in the “Remarks” box
- Not reporting opening/closing balances, or using an opening balance that is different from the closing balance on your last report
- Reporting escrowed shares as a separate class of securities
- Not reporting the name of the registered holder (for indirect or control/direction holdings)
- Not showing both sides of the transaction, if applicable (i.e., exercise of options – disposition of options/acquisition of common shares)
- Not showing transactions by separate security
- Not reporting your relationship to the issuer – i.e., no code reported to explain your relationship to an issuer (i.e., senior officer, director, significant shareholder)
- Not signed
- Making math mistakes in transactions
- Not reporting properly securities acquired/disposed of under ESOPs, DRIPs, RSAs and other plans (see Part 4 of the QA).

6. PUBLIC ACCESS TO INSIDER REPORTS

6.1 Where can I look at insider reports?

You can look at insider reports at the offices of the relevant Securities Commission during business hours.

6.2 Where and how can I get copies of insider reports filed?

You can contact the relevant Securities Commission during office hours.

6.3 What does it cost to obtain a copy of an insider report?

Search and copy fees vary depending on the Securities Commission. Please contact the relevant Securities Commission (see Appendix A).

6.4 How do I get a summary of insider transactions?

Please contact the relevant Securities Commission (see Appendix A).

Securities Commissions with insider reporting requirements are required to publish summaries of insider reports and/or make the reports available for public inspection. In some jurisdictions, these summaries are available on the Securities Commission's website or on another public access site provided by a third party.

6.5 What information does the weekly insider report summary contain?

Generally, the published summaries of the reports contain all the transactions disclosed in the insider reports filed recently in the applicable province. Generally, for each transaction or holding, the summary contains the:

- name of the insider
- reporting issuer
- security
- insider's relationship with the issuer
- date of transaction
- type of transaction
- number of securities acquired/disposed of
- unit price
- closing balances.

6.6 Does the weekly insider report summary available in each province contain reports filed with that province's Securities Commission?

Generally, yes. In most provinces, the weekly summary contains all reports filed with that province.

November 15, 2002

APPENDIX A

SECURITIES COMMISSIONS
CONTACT AND WEBSITE INFORMATION

Alberta Securities Commission

4th Floor, 300-4th Avenue S.W.
Calgary, AB, Canada
T2P 3C4
Attention: Compliance Assistant, Insider Reporting
Telephone: (403) 297-2489
Facsimile: (403) 297-6156
E-mail: Inquiry@seccom.ab.ca
Website: <http://www.albertasecurities.com>

British Columbia Securities Commission

P.O. Box 10142 Pacific Centre
701 West Georgia Street
Vancouver, BC Canada
V7Y 1L2
Attention: Supervisor, Insider Reporting
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)
Facsimile: (604) 899-6506 (for correspondence)
(604) 899-6550 (for filing insider reports)
E-mail: inquiries@bcsc.bc.ca
Website: <http://www.bcsc.bc.ca>

Commission des valeurs mobilières du Québec

Stock Exchange Tower
P.O. Box 246, 22nd Floor
800 Victoria Square
Montréal, PQ, Canada
H4Z 1G3
Attention: Public Relations Division
Telephone: (514) 940-2150 or (800) 361-5072 (in Quebec)
Facsimile:
Public Relations Division: (514) 864-7854
For insider reports: (514) 873-3120
E-mail: courrier@cvmq.com
Website: <http://www.cvmq.com>

Manitoba Securities Commission

1130-405 Broadway
Winnipeg, MB, Canada
R3C 3L6
Attention: Assistant Counsel
Telephone: (204) 945-2548
Facsimile: (204) 945-0330
Website: <http://www.msc.gov.mb.ca>

Nova Scotia Securities Commission

2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS, Canada
B3J 3J9
Attention: Corporate Finance
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Website: <http://www.gov.ns.ca/nssc/>

Ontario Securities Commission

Suite 1903, Box 55
20 Queen Street West
Toronto, ON, Canada
M5H 3S8
Attention: Review Officer, Insider Reporting
Telephone: (416) 593-8314
1-877-785-1555 (toll free)
Facsimile for filing insider reports: (416) 593-3666
E-mail: inquiries@osc.gov.on.ca
Website: <http://www.osc.gov.on.ca>

Saskatchewan Securities Commission

800-1920 Broad Street
Regina, SK, Canada
S4P 3V7
Attention: Deputy Director, Registration
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Website: <http://www.ssc.gov.sk.ca>

Securities Commission of Newfoundland and Labrador

P.O. Box 8700
2nd Floor, West Block
Confederation Building
St. John's, NL, Canada
A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Website: <http://www.gov.nf.ca/gsl/cca/s/>

APPENDIX B

PROVINCIAL INSIDER REPORTING REQUIREMENTS

Alberta

- Part 15 of the Alberta Securities Act
- Form 37 Report by a Registered Owner of Securities Beneficially Owned by an Insider
- Part 14 of the Alberta Securities Commission Rules

British Columbia

- Part 12 Continuous Disclosure of the British Columbia Securities Act (BCSA)
- Part 12 Continuous Disclosure, Division 3 Insider Reporting of the Rules to the BCSA

Manitoba

- Part XI Insider Trading of the Manitoba Securities Act

New Brunswick

- Chapter S-6 Security Frauds Prevention Act

Newfoundland

- Part XX Insider Trading and Self Dealing in the Newfoundland Securities Act, Sections 107-110
- Part VII Insider Trading Regulations, Sections 142-149D
- Forms 35 and 36

Nova Scotia

- Sections 113, 116 and 117 of the Nova Scotia Securities Act
- Part XI sections 170-181 of the Regulations
- Forms 36 and 38

Ontario

- Part XXI of the Ontario Securities Act (OSA)
- Part VIII of the Regulations to the OSA
- Forms 37, 38
- Rule 55-502

Quebec

- Chapter IV of Title III of the Quebec Securities Act
- Chapter IV of Title III of the Quebec Securities Regulation
- Schedule XIX of the Quebec Securities Regulation

Saskatchewan

- Part XVII Insider Trading and Self Dealing of the Saskatchewan Securities Act
- Part XII Regulations on Insider Trading Items 164-173
- Forms 34 and 35

Applicable National Instruments, Forms, Notices and Policies

Note: The following documents also contain insider reporting requirements that apply in all provinces with insider reporting requirements.

- National Instrument 55-101 *Exemption from Certain Insider Reporting Requirements*
- National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*
- Forms 55-102 F1 to 6
- Companion Policy Statement 55-102CP
- CSA Notice 55-303 *SEDI Extension of Electronic Filing and Reporting Deadlines*
- CSA Notice 55-304 *System for Electronic Disclosure by Insiders (SEDI) – National Instrument 55-102 (Electronic Reporting Deadlines Shifted)*
- CSA Notice 55-305 *Interim Requirements for Insiders and Issuers Affected by Suspension of SEDI Operation*
- CSA Notice 55-307 *Reminder to File Paper Insider Reports Using the Correct Codes.*

**1.1.3 MI 31-102, Companion Policy 31-102CP,
OSC Rule 31-509 and Companion Policy
31-509CP - National Registration Database**

**MULTILATERAL INSTRUMENT 31-102 AND
COMPANION POLICY 31-102CP
– NATIONAL REGISTRATION DATABASE
ONTARIO SECURITIES COMMISSION RULE 31-509
(*Commodity Futures Act*) AND COMPANION POLICY
31-509CP – NATIONAL REGISTRATION DATABASE
NOTICE OF APPROVAL BY COMMISSION OF
INSTRUMENT, RULE AND COMPANION POLICIES**

The Commission is publishing in today's Bulletin Multilateral Instrument 31-102, Companion Policy 31-102CP and Ontario Securities Commission Rule 31-509 (*Commodity Futures Act*) National Registration Database and Companion Policy 31-509.

The Notices, Instrument, Rule and Companion Policies are published in Chapter 5 of the Bulletin and at <http://www.osc.gov.on.ca/en/HotTopics/nrd.html#expanded>.

**1.1.4 MI 33-109, Companion Policy 33-109CP,
OSC Rule 33-506 and Companion Policy
33-506CP - Registration Information**

**MULTILATERAL INSTRUMENT 33-109 AND
COMPANION POLICY 33-109CP
– REGISTRATION INFORMATION
ONTARIO SECURITIES COMMISSION RULE 33-506
(*Commodity Futures Act*) AND COMPANION POLICY
33-506CP – REGISTRATION INFORMATION
NOTICE OF APPROVAL BY COMMISSION OF
INSTRUMENT, RULE AND COMPANION POLICIES**

The Commission is publishing in today's Bulletin Multilateral Instrument 33-109, Companion Policy 33-109CP and Ontario Securities Commission Rule 33-506 (*Commodity Futures Act*) Registration Information and Companion Policy 33-506CP.

The Notices, Instrument, Rule and Companion Policies are published in Chapter 5 of the Bulletin and at <http://www.osc.gov.on.ca/en/HotTopics/nrd.html#expanded>.

**1.1.5 Notice of Proposed Amendments to the
Securities Act and Commodity Futures Act**

**NOTICE OF PROPOSED AMENDMENTS TO THE
SECURITIES ACT AND COMMODITY FUTURES ACT**

The Commission is publishing in today's Bulletin parts of Bill 198, *Keeping the Promise for a Strong Economy Act (Budget Measures), 2002* which includes proposed amendments to the *Securities Act* and the *Commodity Futures Act*.

Portions of Bill 198 are being published in Chapter 9 of this Bulletin.

1.3 News Releases

1.3.1 Lydia Diamond Exploration of Canada Ltd.,
Jurgen von Anhalt and Emilia von Anhalt

FOR IMMEDIATE RELEASE
November 7, 2002

**IN THE MATTER OF
LYDIA DIAMOND EXPLORATION OF CANADA LTD.,
JURGEN VON ANHALT AND EMILIA VON ANHALT**

TORONTO – The hearing originally scheduled for Friday, November 8, 2002, in relation to Lydia Diamond Exploration of Canada Ltd., Jurgen von Anhalt and Emilia von Anhalt will be held on Tuesday, November 19, 2002 at 9:00 a.m., on the 22nd floor of the Commission, 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 Proceeding in Respect of Livent Inc. et al.

FOR IMMEDIATE RELEASE
November 12, 2002

**OSC PROCEEDING IN RESPECT OF
LIVENT INC. ET AL.**

TORONTO – The hearing before the Ontario Securities Commission (the “Commission”) in respect of Livent Inc., Garth H. Drabinsky, Myron I. Gottlieb, Gordon Eckstein and Robert Topol is scheduled for Friday, November 15, 2002 at 9:30 a.m. in the small hearing room, located on the 17th floor, 20 Queen Street West, Toronto, Ontario.

Copies of the Notice of Hearing issued on July 3, 2001 and Statement of Allegations, and the Order of the Commission made on October 2, 2002, are available at www.osc.gov.on.ca or from the Commission, 19th 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)

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 PrimeWest Oil and Gas Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Amendment to previous MRRS decision document granting an exemption from continuous disclosure requirements. Previous exemption granted to allow reporting issuer oil/gas company to file continuous disclosure of parent oil/gas trust. Conditions of previous exemption included that oil/gas company could only issue exchangeable shares to certain designated persons. Amendment granted to this condition to allow oil/gas company to issue exchangeable shares to other persons in connection with management internalization transaction.

Applicable Ontario Statutes

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

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
THE PROVINCES OF
ALBERTA AND ONTARIO**

AND

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

AND

**IN THE MATTER OF
PRIMEWEST OIL AND GAS CORP.**

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta and Ontario (the "Jurisdictions") issued a decision (the "Original Decision") on June 18, 2001 pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation:

1.1 with respect to PrimeWest Oil and Gas Corp. ("PrimeWest Oil"), to issue a press release and file a report with the Decision Makers in the Jurisdictions upon the occurrence of a material change, file interim financial statements and audited financial statements with the Decision Makers in the Jurisdictions and deliver such statements to the securityholders of

PrimeWest Oil, file an information circular or make an annual filing with the Decision Makers in the Jurisdictions in lieu of filing an information circular, file an annual information form and provide management's discussion and analysis of financial condition and results of operations (the "Continuous Disclosure Obligations"), shall not apply to PrimeWest Oil; and

1.2 to comply with the requirements of the Legislation in the Jurisdictions to file insider reports and insider trading reports (the "Insider Reporting Requirements"), shall not apply to any insider of PrimeWest Oil who is not also an insider of PrimeWest Energy Trust (the "Trust");

2. AND WHEREAS PrimeWest Energy Inc. ("PrimeWest Energy"), the successor to PrimeWest Oil, has applied to the Decision Makers for a decision pursuant to the Legislation varying the Original Decision by amending one of the conditions to the relief from the Continuous Disclosure Obligations;

3. AND WHEREAS pursuant to 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 PrimeWest Energy has represented to the Decision Makers that:

4.1 PrimeWest Energy was incorporated under the Business Corporations Act (Alberta) on March 4, 1996 and was amalgamated with PrimeWest Oil, PrimeWest Resources Ltd. and PrimeWest Royalty Corp. on January 1, 2002 and continued as PrimeWest Energy;

4.2 the authorized capital of PrimeWest Energy consists of an unlimited number of Class A common shares ("Class A Common Shares"), an unlimited number of Class B common shares ("Class B Common Shares") and an unlimited number of Class A exchangeable shares ("Class A Exchangeable Shares"), of which as at September 16, 2002 there were 8,900,000 Class A Common Shares issued and outstanding and owned by the Trust, 1,100,000 Class B Common Shares issued and outstanding and

- owned by PrimeWest Management Inc., the current manager of the Trust (the "Manager") and 3,863,024 Class A Exchangeable Shares;
- 4.3 the Class A Exchangeable Shares are listed and posted for trading on TSX Inc.;
- 4.4 PrimeWest Energy is the successor to PrimeWest Oil and as such is bound by the Original Decision;
- 4.5 the Class A Exchangeable Shares of PrimeWest Energy are the equivalent of the PrimeWest Oil exchangeable shares to which the Original Decision pertained;
- 4.6 the Trust has proposed to internalize its management by (i) acquiring all of the issued and outstanding shares of the Manager of the Trust for a cash payment of \$13.1 million and the issuance of Class A Exchangeable Shares which, based upon an agreed exchange ratio, will be exchangeable for approximately 491,000 Trust Units, (ii) assuming an obligation of the Manager to pay amounts to certain senior officers of PrimeWest Energy and the Manager in connection with the termination of the management incentive plan of the Manager in the amount of \$1.5 million, (iii) creating a retention bonus pool valued at \$3.5 million payable in Class A Exchangeable Shares over a period of five years after the completion of the purchase of the shares of the Manager, and (iv) related transactions (collectively, the "Management Internalization Transaction").
- 4.7 the Management Internalization Transaction is subject to the approval of unitholders of the Trust and holders of the Class A Exchangeable Shares of PrimeWest Energy at a special meeting to be held November 4, 2002;
- 4.8 the Original Decision prohibits the issuance of exchangeable shares to anyone other than the shareholders of Cypress Energy Inc. ("Cypress"), the target of a securities exchange take-over bid to which the Original Decision was directed;
- 4.9 the Management Internalization Transaction, if approved, will result in additional Class A Exchangeable Shares being issued to other than the former shareholders of Cypress; and
- 4.10 absent the variation requested PrimeWest Energy will be unable to both comply with the Original Decision and complete the Management Internalization Transaction;
5. AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
6. 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;
7. THE DECISION of the Decision Makers pursuant to the Legislation is that the Original Decision be varied by replacing paragraph 6.1.6 of the Original Decision with:
- "The Filer does not issue any shares to the public other than the Exchangeable Shares or other shares of the Filer which have substantially similar attributes to those of the Exchangeable Shares."
- with the result that the Original Decision as varied by this Decision will be in the form attached as Schedule "A".

October 25, 2002.

"Glenda A. Campbell"

"Eric T. Spink"

SCHEDULE "A"

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
THE PROVINCES OF
ALBERTA AND ONTARIO**

AND

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

AND

**IN THE MATTER OF
PRIMEWEST OIL AND GAS CORP.**

MRRS DECISION DOCUMENT

1. WHEREAS the Canadian Securities Regulatory authority or regulator (the "Decision Maker") in each of Alberta and Ontario (the "Jurisdictions") has received an application from PrimeWest Oil and Gas Corp. (the "Filer"), for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation:

1.1 with respect to the Filer, to issue a press release and file a report with the Decision Makers in the Jurisdictions upon the occurrence of a material change, file interim financial statements and audited financial statements with the Decision Makers in the Jurisdictions and deliver such statements to the securityholders of the Filer, file an information circular or make an annual filing with the Decision Makers in the Jurisdictions in lieu of filing an information circular, file an annual information form and provide management's discussion and analysis of financial condition and results of operations (the "Continuous Disclosure Obligations"), shall not apply to the Filer;

1.2 to comply with the requirements of the Legislation in the Jurisdictions to file insider reports and insider trading reports (the "Insider Reporting Requirements"), shall not apply to any insider of the Filer who is not also an insider of PrimeWest Energy Trust.

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

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

3.1 The Filer was formed pursuant to Articles of Amalgamation under the Business Corporations Act (Alberta) on March 29, 2001;

3.2 The authorized capital of the Filer consists of an unlimited number of Class A Common Shares, an unlimited number of Class B Common Shares and an unlimited number of Exchangeable Shares;

3.3 There is currently 100 Class A Common Shares issued and outstanding held by PrimeWest Energy Trust ("PWT") and 1 Class B Common Share issued and outstanding held by PrimeWest Energy Inc. ("PWE"). In addition, 5,440,000 Exchangeable Shares of the Filer were issued to the public in connection with the Offer (as herein defined);

3.4 Cypress Energy Inc. was formed pursuant to Articles of Amalgamation under the Business Corporations Act (Alberta) on September 1, 1999;

3.5 The authorized capital of Cypress consists of an unlimited number of Class A Common Shares and an unlimited number of Class B Common Shares. There is currently issued and outstanding 41,889,353 Class A Common Shares and 558,000 Class B Common Shares of Cypress;

3.6 Each Exchangeable Share of the Filer entitles the holder to receive one PrimeWest Unit (as defined herein) and an additional number of PrimeWest Units calculated based on the amount of any subsequent distribution in respect of the PrimeWest Units;

3.7 Cypress is a reporting issuer under the securities legislation in all provinces of Canada which has such a concept;

3.8 The Class A Common Shares of Cypress were listed on The Toronto Stock Exchange under the symbol "CYZ.A" and have since been delisted;

3.9 The Class B Common Shares of Cypress were listed on The Alberta Stock Exchange (now The Canadian Venture Exchange) under the symbol "CYZ.B" and have since been delisted;

3.10 PWT is an open-end investment trust established under the laws of Alberta pursuant to a Declaration of Trust dated August 2, 1996 with its head office

- located in Calgary, Alberta. The Trust Company of Bank of Montreal is the trustee of PWT;
- 3.11 PWT is authorized to issue an unlimited number of transferable redeemable trust units (the "PrimeWest Units") of which there were 100,562,826 PrimeWest Units outstanding as at March 31, 2001;
- 3.12 PWT became a reporting issuer or the equivalent in each of the provinces of Canada upon obtaining a receipt for its prospectus dated October 3, 1996 and is not in default of the Legislation;
- 3.13 The PrimeWest Units are listed on The Toronto Stock Exchange;
- 3.14 The Filer made an offer dated March 6, 2001 (the "Offer") to purchase all of the issued and outstanding Class A Common Shares and Class B Common Shares of Cypress. The Offer expired on March 28, 2001 having been accepted by the holders of more than 97% of the Class A Common Shares and 97% of the Class B Common Shares;
- 3.15 On March 29, 2001 the Filer became the sole shareholder of Cypress following the compulsory acquisition of all of the Class A Common Shares and Class B Common Shares of Cypress that had not previously been acquired by the Filer pursuant to the Offer;
- 3.16 On March 29, 2001 the Filer amalgamated with Cypress pursuant to Articles of Amalgamation under the provisions of the Business Corporations Act (Alberta);
- 3.17 The Exchangeable Shares provide a holder with a security having economic, ownership and voting rights which are, as nearly as practicable, equivalent to those of PrimeWest Units;
- 3.18 Neither the Filer nor Cypress have any securities outstanding other than the securities held by PWT and PWE and the Exchangeable Shares; and
- 3.19 The Filer has applied to list the Exchangeable Shares on The Toronto Stock Exchange.
4. AND WHEREAS pursuant to the System, this Decision document confirms the determination of the Decision Makers (the "Decision").
5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met.
6. THE DECISION of the Decision Makers pursuant to the Legislation is that:
- 6.1 the Continuous Disclosure Obligations shall not apply to the Filer, provided that at the time that any such requirement would otherwise apply:
- 6.1.1 PWT is a reporting issuer under the Legislation of the Jurisdiction;
- 6.1.2 PWT shall concurrently send to all holders of Exchangeable Shares resident in the Jurisdictions all disclosure material furnished to holders of PrimeWest Units pursuant to the Continuous Disclosure Obligations, including, but not limited to, copies of its annual report and all proxy solicitation materials;
- 6.1.3 PWT shall comply with the requirements of The Toronto Stock Exchange (or such other principal stock exchange on which the PrimeWest Units are then listed) in respect of making public disclosure of material information on a timely basis and forthwith issues in the Jurisdictions and files with the Decision Maker any press release that discloses a material change in PWT's affairs;
- 6.1.4 the Filer shall issue a press release and file a report with the Decision Makers upon the occurrence of a material change in respect of the affairs of the Filer that are not material changes in the affairs of PWT;
- 6.1.5 PWT together with PWE shall remain the direct or indirect beneficial owners of all of the issued and outstanding voting securities of the Filer; and
- 6.1.6 The Filer does not issue any shares to the public other than the Exchangeable Shares or other shares of the Filer which have substantially similar

attributes to those of the Exchangeable Shares.

6.2 the Insider Reporting Requirements shall not apply to any insider of the Filer who is not also an insider of the PWT.

June 18, 2001.

“Agnes Lau”

2.1.2 Brandes Investment Partners & Co. et al. - MRRS Decision

Headnote

Investment by Top Funds in securities of Underlying Funds under common management on a cost basis, as defined in the Income Tax Act (Canada), for specified purpose exempted from the reporting requirements and self-dealing prohibitions of clauses 111(2)(b), 111(3) and clauses 117(1)(a) and (d).

Percentage of one Top Fund's assets invested in Underlying Funds limited to the foreign property limit under the Income Tax Act (Canada) for registered plans.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5, as am., 111(2)(b), 111(3), 117(1)(a), and 117(1)(d).

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
ONTARIO, 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
BRANDES INVESTMENT PARTNERS & CO.,
BRANDES CANADIAN EQUITY FUND
AND
BRANDES CANADIAN BALANCED FUND**

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (collectively, the “Decision Makers”) in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland and Labrador (collectively, the “Jurisdictions”) has received an application from Brandes Investment Partners & Co. (“Brandes” or the “Manager”) in its own capacity and on behalf of the Brandes Canadian Equity Fund and the Brandes Canadian Balanced Fund and other mutual funds managed by Brandes after the date of this Decision (defined herein) having an investment strategy that involves investing in one or more mutual funds managed by Brandes for foreign property exposure while remaining eligible for Registered Plans (defined herein) (individually, a “Top Fund”, collectively, the “Top Funds”) for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that the following provisions of the Legislation (the “Applicable Requirements”) shall not apply to a Top Fund or Brandes, as the case may be, in respect of certain investments to be made from time to time by a

Top Fund in units of Brandes Global Equity Fund, Brandes International Equity Fund, Brandes U.S. Equity Fund and such other mutual funds managed by Brandes after the date of this Decision (individually, an "Underlying Fund, collectively, the "Underlying Funds") from time to time:

- (a) the restrictions contained in the Legislation prohibiting a mutual fund from knowingly making or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder; and
- (b) the requirements contained in the Legislation requiring a management company or, in British Columbia, a mutual fund manager, to file a report relating to a purchase or sale of securities between the mutual fund and any related person or company, or any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, the mutual fund is a joint participant with one or more of its related persons or companies.

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

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

- 1. Brandes is a corporation incorporated under the laws of the Province of Nova Scotia and is or will be the Manager and trustee of the Top Funds and the Underlying Funds (collectively, the "Brandes Funds"). Brandes' head office is located in Toronto, Ontario.
- 2. Each Top Fund and Underlying Fund is or will be an open-ended mutual fund trust established under the laws of the Province of Ontario. Units of each of the Brandes Funds are or will be qualified for distribution in all provinces and territories of Canada pursuant to a simplified prospectus and annual information form filed with and accepted by the Decision Makers.
- 3. Each of the Brandes Funds is or will be a reporting issuer in each of the provinces and territories of Canada and is not or will not be in default of any requirements of the Legislation.
- 4. Each of the Top Funds seeks or will seek to achieve its investment objective while ensuring that its securities do not constitute "foreign property" under the *Income Tax Act* (Canada) (the "ITA") for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and similar plans ("Registered Plans"). Each of the Top Funds is or will be a "registered investment" for Registered Plans under the ITA.
- 5. The investment objectives of the Underlying Funds are or will be achieved through investment primarily in foreign securities.
- 6. As part of achieving its investment objective, each Top Fund seeks to obtain foreign content exposure by investing fixed percentages (the "Fixed Percentages") of its assets (other than cash or cash equivalents) on a cost amount basis (as defined under the *Income Tax Act* (Canada) (the "ITA")) in units of one or more Underlying Funds, subject to a variation of 1.0 percent above or below the Fixed Percentages (the "Permitted Ranges").
- 7. The aggregate of the Fixed Percentages (including the upper Permitted Range) at any time will not exceed an amount, expressed as a percentage, prescribed from time to time under the ITA as the maximum amount of foreign property that may be held by a Registered Plan determined as if such time were the end of a month (the "Permitted Aggregate Investment").
- 8. Each Top Fund will invest its assets in accordance with the Fixed Percentages and the Permitted Aggregate Investment.
- 9. The simplified prospectus for the Top Funds will disclose the name, investment objectives, investment strategies, risks and restrictions of the Top Funds and the applicable Underlying Funds, the Fixed Percentages and Permitted Ranges.
- 10. The investments by the Top Fund in securities of the Underlying Funds represent the business judgement of "responsible persons" (as defined in the Legislation) uninfluenced by considerations other than the best interests of the Top Fund.
- 11. Except to the extent evidenced by this Decision and specific approvals granted by the Decision Makers pursuant to National Instrument 81-102 Mutual Funds ("NI 81-102"), the investments by the Top Funds in the Underlying Funds have been structured to comply with the investment restrictions of the Legislation and NI 81-102.
- 12. In the absence of this Decision, pursuant to the Legislation, each Top Fund is prohibited from knowingly making or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder. As a result, in the absence of this Decision each Top Fund would be required to divest itself of any such investments.

13. In the absence of the Decision, the Legislation requires Brandes to file a report on every purchase or sale of units of the Underlying Funds by a Top Fund.

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

AND WHEREAS each of the Decision Makers is satisfied that the tests 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 Applicable Requirements shall not apply so as to prevent the Top Funds from making and holding an investment in securities of the Underlying Funds or require Brandes to file a report relating to the purchase or sale of such securities;

PROVIDED IN EACH CASE THAT:

1. the Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with matters in section 2.5 of NI 81-102.

2. the Decision shall only apply if, at the time a Top Fund makes or holds an investment in the Underlying Funds, the following conditions are satisfied:

- (a) the securities of both the Top Fund and the Underlying Funds are being offered for sale in the jurisdiction of the Decision Maker pursuant to a simplified prospectus and annual information form which have been filed with and accepted by the Decision Maker;
- (b) the investment by the Top Fund in the Underlying Funds is compatible with the fundamental investment objectives of the Top Fund;
- (c) the simplified prospectus discloses the intent of the Top Fund to invest in securities of the Underlying Funds, the names of the Underlying Funds, the Fixed Percentages and the Permitted Ranges within which such Fixed Percentages may vary;
- (d) the Underlying Funds are not mutual funds whose investment objective includes investing directly or indirectly in other mutual funds;
- (e) the Top Fund invests its assets (exclusive of cash and cash equivalents) in the Underlying Funds in accordance

with the Fixed Percentages disclosed in the simplified prospectus and in accordance with the Permitted Aggregate Investment;

- (f) if the Fixed Percentages and the Underlying Funds which are disclosed in the simplified prospectus have been changed, either the Top Fund's simplified prospectus has been amended or a new simplified prospectus has been filed to reflect the change, and the security holders of the Top Fund have been given at least 60 days' notice of the change;
- (g) there are compatible dates for the calculation of the net asset value of the Top Fund and the Underlying Funds for the purpose of the issue and redemption of the securities of such mutual funds;
- (h) no sales charges are payable by the Top Fund in relation to its purchases of securities of the Underlying Funds;
- (i) no redemption fees or other charges are charged by an Underlying Fund in respect of the redemption by the Top Fund of securities of the Underlying Fund owned by the Top Fund;
- (j) no fees or charges of any sort are paid by the Top Fund and the Underlying Funds, by their respective managers or principal distributors, or by any affiliate or associate of any of the foregoing entities, to anyone in respect of the Top Fund's purchase, holding or redemption of the securities of the Underlying Funds;
- (k) the arrangements between or in respect of the Top Fund and the Underlying Funds are such as to avoid the duplication of management fees;
- (l) any notice provided to securityholders of an Underlying Fund as required by applicable laws or the constating documents of that Underlying Fund is delivered by the Top Fund to its securityholders;
- (m) all the disclosure and notice material prepared in connection with a meeting of securityholders of the Underlying Funds and received by the Top Fund are provided to its securityholders, the securityholders are permitted to direct a representative of the Top Fund to vote its holdings in the Underlying Fund in accordance with their direction, and the representative of the Top Fund does not vote its holdings in the Underlying Funds

except to the extent the securityholders of the Top Fund have directed;

- (n) in addition to receiving the annual and, upon request, the semi-annual financial statements of the Top Fund, securityholders of a Top Fund are provided appropriate summary disclosure in respect of the Top Fund's holdings of securities of the Underlying Funds in the financial statements of the Top Fund; and
- (o) to the extent that the Top Fund and the Underlying Funds do not use a combined simplified prospectus and annual information form containing disclosure about the Top Fund and the Underlying Funds, copies of the simplified prospectus and annual information form of the Underlying Funds are provided upon request to securityholders of the Top Fund, and the right to receive these documents is disclosed in the simplified prospectus of the Top Fund.

November 5, 2002.

"Mary Theresa McLeod"

"Kerry D. Adams"

2.1.3 Durban Roodepoort Deep, Limited and CIBC World Markets Inc. - MRRS Decision

Headnote

Mutual Reliance Review System B National Instrument 43-101. South African issuer selling securities by way of a private placement is granted relief from requirements in Parts 2, 3, and 4 of NI 43-101 on the following grounds: (i) after the offering, the issuer will have a *de minimis* presence in Canada, (ii) the inclusion of a reserves report prepared in accordance with both the definitions and standards of the SAMREC Code and the CIM Standards and the following cautionary statement:

"No technical report, as defined under National Instrument 43-101 - Standards for Disclosure of Mineral Projects, will be provided in connection with this offering or filed with any of the Canadian securities regulatory authorities.

This Offering Memorandum contains a report on the reserves of the Issuer as at June 30, 2002 (the "Reserves Report") concerning mineral projects on each property which is material to the Issuer. The reserve calculations in the Reserves Report were prepared in accordance with South African law and the South African code for Reporting of Mineral Resources and Mineral Reserves (the "SAMREC Code"), which prescribes the content of disclosure of scientific or technical information in respect of mineral projects, and shall be reported in the Offering Memorandum in accordance with the applicable definitions contained in the SAMREC Code and the standards of the Canadian Institute of Mining Metallurgy and Petroleum (the "CIM Standards")."

Rules Cited

National Instrument 43-101 B Standards of Disclosure for Mineral Projects s. 9.1.

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

AND

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

AND

**IN THE MATTER OF
DURBAN ROODEPOORT DEEP, LIMITED AND
CIBC WORLD MARKETS INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Manitoba, Ontario and Québec (the "Jurisdictions") has received an application from Durban Roodepoort Deep, Limited (the "Issuer") and CIBC World Markets Inc. ("CIBC", and together with the Issuer, the "Applicants") for a decision pursuant to subsection 9.1(1) of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") that the Applicants be exempt from Parts 2, 3, and 4 of NI 43-101 in connection with: (i) disclosure relating to the Offering (as defined below); and (ii) the offering memorandum (the "Offering Memorandum") prepared by the Issuer for the Offering;

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

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

1. The Issuer is a company incorporated pursuant to the laws of the Republic of South Africa ("South Africa") with its head office in Johannesburg, South Africa. The Issuer is a gold mining company with its principal operations in South Africa and exploration properties and production facilities in Papua New Guinea;
2. The Issuer's securities are listed and traded on the JSE Securities Exchange South Africa (the "JSE"), the NASDAQ, the London Stock Exchange, the Brussels Stock Exchange, the Paris Bourse, the Australian Stock Exchange, the Berlin Stock Exchange, and the Frankfurt Stock Exchange. The principal trading markets of the Issuer are the JSE and the NASDAQ;
3. The Issuer is not a reporting issuer or its equivalent in any of the Jurisdictions, nor are any of its securities listed or posted for trading on any stock exchange in Canada. The Issuer has no present intention of becoming a reporting issuer or its equivalent in any of the Jurisdictions or of becoming listed in Canada;
4. The authorized capital of the Issuer consists of 300,000,000 ordinary no par value shares (the "Ordinary Shares") and 5,000,000 cumulative preference shares (the "Preference Shares") of which 177,173,485 Ordinary Shares and 5,000,000 Preference Shares were issued and outstanding as of June 30, 2002;
5. As disclosed in its annual audited financial statements for its fiscal year ended June 30, 2002, the Issuer's gross revenues derived from mining operations were approximately US\$256.0 million for the fiscal year ended June 30, 2002, and approximately US\$792.1 million in the aggregate for the three fiscal years ended June 30, 2002. As a result, the Issuer is a "producing issuer" as such term is defined in NI 43-101;
6. The Issuer intends to offer convertible debentures (the "Notes") on a private placement basis in several jurisdictions (the "Offering"). CIBC will be the agent in respect of the Offering in Canada and affiliates of CIBC and one or more other investment dealers will be agents in other foreign jurisdictions in which the Offering is made;
7. The Applicants are in the process of settling the terms of the Notes, which shall be unsecured obligations of the Issuer and convertible into either Ordinary Shares or American deposit receipts ("ADRs"). The ADRs are listed for trading on NASDAQ. It is anticipated that the Issuer will provide a covenant to CIBC and the purchasers of the Notes to use its best efforts to file a registration statement with the United States Securities and Exchange Commission which will register the ADRs to be issued upon conversion of the Notes;
8. CIBC anticipates that approximately 50% of the Offering will be made to purchasers in the United States and approximately 30% of the Offering will be made to purchasers in Canada. The remaining 20% of the Offering will be made to purchasers in Europe and other foreign jurisdictions. CIBC anticipates that the Offering will be made to institutional investors only;
9. The Offering Memorandum will contain a report on the reserves of the Issuer as at June 30, 2002 (the "Reserves Report") concerning mineral projects on each property which is material to the Issuer. The reserve calculations in the Reserves Report were prepared in accordance with South African law and the South African code for Reporting of Mineral Resources and Mineral Reserves (the "SAMREC Code"), which prescribes the content of disclosure of scientific or technical information in respect of mineral projects, and shall be reported in the Offering Memorandum in accordance with the applicable definitions contained in the SAMREC Code and the standards of the Canadian Institute of Mining Metallurgy and Petroleum (the "CIM Standards");
10. The Reserves Report has been prepared by William John Laing, Jans Johannes Jacobus Petrus Pretorius, Matthys Hendrik Greeff Heyns, Natalie Rose Ordenaal, and Michael John Bird and compiled by David Stephanus Du Toit van den Bergh, each of whom is an employee of the Issuer and who qualifies as a "Competent Person" for the purposes of the SAMREC and JORC

Codes. Each such person possesses greater than five years of relevant mining and geological surveying experience and is a registered member of a professional organization recognized by statute in South Africa;

11. The Issuer is a "producing issuer" under NI 43-101, and according to Part 5 thereof, in connection with the Offering, is not required to file an independent technical report;
12. The Reserves Report will be audited by Mike Sperinck, a qualified person who is considered a "Competent Person" for the purposes of the SAMREC Code and in accordance with South African law;
13. In connection with the Offering, the Issuer will distribute the Offering Memorandum containing disclosure regarding the Issuer, the Reserves Report, the Notes, and any additional disclosure required in the jurisdictions in which the Offering is made. In particular, the Offering Memorandum will contain disclosure required under Canadian securities laws applicable in the Jurisdictions related to, among other things, prospectus and registration exemptions, statutory rights of action and exchange rate information;
14. The Offering Memorandum will contain the following cautionary statement (the "Cautionary Statement"):

No technical report, as defined under National Instrument 43-101 - *Standards for Disclosure of Mineral Projects*, will be provided in connection with this offering or filed with any of the Canadian securities regulatory authorities.

This Offering Memorandum contains a report on the reserves of the Issuer as at June 30, 2002 (the "Reserves Report") concerning mineral projects on each property which is material to the Issuer. The reserve calculations in the Reserves Report were prepared in accordance with South African law and the South African code for Reporting of Mineral Resources and Mineral Reserves (the "SAMREC Code"), which prescribes the content of disclosure of scientific or technical information in respect of mineral projects, and shall be reported in the Offering Memorandum in accordance with the applicable definitions contained in the SAMREC Code and the standards of the Canadian Institute of Mining Metallurgy and Petroleum (the "CIM Standards");

15. The Issuer will file the Offering Memorandum in each of the Jurisdictions within 10 days of the closing of the Offering;
16. Upon completion of the Offering, persons or companies whose last address as shown on the books of the Issuer was in Canada, will not own,

directly or indirectly, Ordinary Shares or securities convertible into Ordinary Shares representing more than 10% of the Ordinary Shares and will not represent more than 10% of the total number of owners, directly or indirectly, of Ordinary Shares;

AND WHEREAS under 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 NI 43-101 that provides the Decision Maker with the jurisdiction to make the decision has been met;

THE DECISION of the Decision Makers pursuant to subsection 9.1(1) of NI 43-101 is that the Applicants are exempt from Parts 2, 3, and 4 of NI 43-101 in connection with: (i) disclosure relating to the Offering; and (ii) the Offering Memorandum prepared by the Issuer for the Offering, provided that the Offering Memorandum includes:

- (a) a reference to this Decision; and
- (b) the Cautionary Statement.

October 3, 2002.

"Margo Paul"

2.1.4 Adam F. Nikolaus - Director's Decision

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

AND

IN THE MATTER OF
ADAM F. NIKOLAUS
DIRECTOR'S DECISION

Background

1. From February 15, 1994 to November 28, 2001, Adam F. Nikolaus (Applicant) was registered as a salesperson with Quadras Investment Services Inc. (formerly London Financial Centre Limited, prior thereto London Fund Management Limited and prior thereto Prudential Fund Management Canada Limited) (Quadras), a mutual fund dealer.
2. Mr. Nikolaus resigned for cause from Quadras on November 28, 2001 following a meeting concerning questionable signatures on an insurance policy application.
3. By letter dated January 31, 2002, staff advised the Applicant that it proposed to attach terms and conditions to his registration as a salesperson with Credential Asset Management Inc. (Credential) due to his previous employment activities as a salesperson with Quadras. In the letter, the Applicant was advised that he had an opportunity to be heard before the Director and that if he intended to exercise that right, staff required notice within 14 days.
4. Also by letter January 31, 2002, Credential was advised that staff proposed to attach terms and conditions to the Applicant's registration as a salesperson although the reasons for staff's position were not set out in this letter.
5. By letter dated February 6, 2002, the Applicant advised that he would like the opportunity to be heard and that he had not yet been "advised of the particulars regarding the activities that resulted in this action".
6. Following a series of emails and other correspondence among staff, the Applicant and Quadras, on June 7, 2002, staff sent a letter to Quadras asking for "detailed information regarding any client complaints/issues and the outcome of subsequent investigations conducted". Staff is entitled to request this information for the purposes of administering the *Securities Act* (Ontario) as set out in section 3.11 of the Act.
7. London Life Insurance Company responded on July 4, 2002 (a copy of the letter was provided to

Quadras). Attached to that letter is a summary of over 20 complaints received concerning the Applicant. As well, the letter summarizes the details of a complaint received by Quadras (summarized below). According to the letter, Mr. Nikolaus resigned after being confronted with these allegations.

8. Ms. "B", a client, questioned a loan on her life insurance policy that was used to pay premiums on another life insurance policy. When Ms. "B" was shown the documentation requesting and authorizing the loan, she stated that it was not her signature.
9. The majority of the other complaints related to the use of existing values in older life insurance policies to pay premiums on newer life insurance policies. The letter states that the majority of the complaints were received after the Applicant was no longer associated with Quadras/London Life. The letter also states that none of the complaints involved the use of mutual fund accounts.

Staff's submissions

10. By letter dated October 3, 2002, staff advised the Applicant that it was recommending to the Director that his application for registration as a salesperson with Credential be denied. The letter set out staff's reasons for the recommendation as follows:

"Staff's concerns as to your past conduct while in the employ of Quadras Investment Services/London Life Insurance Company.

A total of 24 client complaints were received subsequent to your resignation; including, but limited to, allegations of churning, misrepresentation and fraud.

During the period between July 1997 and June 2000, after you had resigned, Quadras Investment Services Ltd./London Life Insurance Company received a number of complaints from dissatisfied clients serviced by you. In a number of instances, clients alleged they bought new insurance policies with the understanding that no out-of-pocket premiums would be required, or existing contracts would fund all policies; this was not true. Clients alleged that they were sold new policies on the pretense that coverage would be increased with no additional costs which were not covered. In one instance, clients alleged policy changes were made without their knowledge and consent; that the forms were changed after they had signed them. In another instance, a client questioned a loan on her life insurance policy that was used to pay premiums on another life insurance policy that she claims she did not authorize. When shown the documentation requesting and authorizing the loan, she stated it was not her signature.

After investigating these allegations, London Life found it necessary to take remedial action, including reversing a loan and rescinding the policies you had issued.

It is staff's opinion that these facts establish that you lack the competence, integrity and trustworthiness required of a securities industry professional, and are therefore unsuitable for registration."

11. In the letter, the Applicant was advised that he had an opportunity to be heard and that if he intended to exercise that right, staff required notice within 14 days
12. Also by letter dated October 3, 2002, Credential was advised that staff had recommended to the Director that the Applicant's registration as a salesperson be denied.

Applicant's submissions

13. The Applicant responded by letter dated October 9, 2002. Some of the text of the letter is reproduced here.

"I am disappointed that previous clients feel that they have purchased products from me without a full understanding of what and how they bought. From March 1993 to September 1996 as a sales agent, I sold some 500 policies with no complaints and thought I was doing a good job. In fact London Life thought I was doing a good job, as they promoted me to management.....

I sold Prudential Policies and after the merger most of the Pru Agents left London Life. Policyholders were frustrated that their concerns were not being addressed because London Life Agents didn't understand their policies. London Life Agents were frustrated because they had to spend time with these policyholders and were not compensated unless they sold a new policy. For some agents it became an opportunity to rescind policies and issue new ones.

Prudential had a strict guideline regarding the use of an existing policy to fund another new policy.... Each new policy had to be personally delivered by the agent to the client. The insured was required to sign a receipt confirming the details of the policy were accurate and as requested. Receipts were returned to Prudential Head Office. Any policies with outstanding receipts were returned to the Regional Manager for follow up and completion.

Prudential Head Office sent the Regional Manager a list of all new policies and how they were funded, to ensure transactions were reasonable. Sales, including mine, were strictly monitored.

I have never intentionally misled or misrepresented facts to my clients."

Decision

14. On the basis of having reviewed and considered all written submissions provided to me, it is my decision to deny the registration of the Applicant as a mutual fund salesperson.
15. In making a recent decision (*Re Jaime Arlindo Vilas-Boas*, (2002) 25 OSCB 6401), I set out some of staff's analysis relevant to these types of cases. Part of that analysis is set out again here.
16. Section 26 of the *Securities Act* provides that:

(1) Granting of Registration – Unless it appears to the Director that the applicant is not suitable for registration... or that proposed registration... is objectionable, the Director shall grant registration... to an applicant.

(2) Terms and Conditions – The Director may in his or her discretion restrict a registration by imposing terms and conditions [which]...may restrict the duration of a registration and may restrict the registration to trades in certain securities or a certain class of securities.

17. The onus of proof rests with staff of the Commission, who must establish that the registrant is "not suitable for registration" or that the registration is otherwise "objectionable".
18. In the *Vilas-Boas* staff materials, I was referred to a number of Commission decisions including the *Mithras* and *Charko* decisions. These decisions read in part as follows:

... the role of the Commission is to protect the public interest by removing from the capital markets -- wholly or partially, permanently or temporarily, as the circumstances may warrant -- those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In doing so we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all.

Re Mithras Management Ltd., (1990) 13 OSCB 1600

... the Director must necessarily place a strong reliance on an applicant's past behaviour.

Re Charko, (1992) 15 OSCB 3986

19. In my opinion, it would be inappropriate to register the Applicant as a mutual fund salesperson with Credential while serious questions regarding his past conduct at Quadras remain outstanding. Further, I think it is clear that the past conduct of the Applicant would lead to the conclusion that his conduct in the future may well be detrimental to the integrity of the capital markets (the *Mithras* test). In the words of the *Mithras* decision, “we must, of necessity, look to past conduct as a guide to what we believe a person’s future conduct might reasonably be expected to be...”. As well, I was guided by the *Charko* decision and determined that I must place a strong reliance on the Applicant’s past behaviour. Lastly, in my opinion, these principles apply equally well to this case even though the Applicant’s past conduct related to the sale of insurance products and not the types of products normally dealt with by a mutual fund salesperson.

November 11, 2002.

“Marrienne Bridge”

2.1.5 Welcome Opportunities Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – as a result of an arrangement, issuer has only one security holder – issuer deemed to have ceased to be 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 AND ONTARIO**

AND

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

AND

**IN THE MATTER OF
WELCOME OPPORTUNITIES LTD.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of Ontario and Alberta (the “Jurisdictions”) has received an application from Welcome Opportunities Ltd. (“Welcome”) for a decision under to the securities legislation of each of the Jurisdictions (the “Legislation”) that Welcome be deemed to have ceased to be a reporting issue under the Legislation;

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

AND WHEREAS Welcome has represented to the Decision Makers that:

1. Welcome was incorporated on August 4, 1964, under the *Company Act* (British Columbia) and has its head office in Vancouver, British Columbia;
2. The authorized capital of Welcome consists of 100,000,000 common shares without par value (“Welcome Shares”) and 4,466,748 Welcome Shares are currently issued and outstanding;
3. Welcome is a reporting issuer under the Legislation in each of the Jurisdictions. Welcome is not in default of any requirement under the Legislation;
4. Endeavour Mining Capital Corp. (“EMCC”) acquired all issued and outstanding Welcome

Shares pursuant to an arrangement under the *Company Act* (British Columbia), as amended (the "Arrangement"), completed effective September 9, 2002;

5. Under the Arrangement, the former holders of Welcome Shares exchanged those shares for ordinary voting shares (the "EMCC Shares") and contingent value rights of EMCC;
6. As a result of the Arrangement, all of the issued and outstanding securities of Welcome are owned by EMCC;
7. EMCC is a company incorporated under the *Companies Law* (2002 Revision) of the Cayman Islands and has its head office in George Town, Grand Cayman, Cayman Islands;
8. EMCC became a reporting issuer under the securities legislation of Alberta on September 9, 2002, and under the securities legislation of Ontario on November 6, 2002, and EMCC is a reporting issuer under the Legislation;
9. The EMCC Shares became listed and posted for trading on the TSX Venture Exchange on September 9, 2002. The EMCC Shares are listed and posted for trading on the TSX Venture Exchange;
10. The Welcome Shares were delisted from the TSX Venture Exchange on September 10, 2002 and no securities of Welcome are listed or quoted on any exchange or market;
11. Welcome has no securities, including debt securities, outstanding other than the Welcome Shares;
12. Welcome does not intend to seek financing by way of a public offering of its securities;

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

AND WHEREAS each Decision Maker is of the opinion 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 Welcome is deemed to have ceased to be a reporting issuer under the Legislation.

November 8, 2002.

"John Hughes"

2.1.6 Standard Radio Inc. - MRRS Decision

Headnote

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

Subsection 1(6) of the OBCA – Issuer deemed to have ceased to be offering its securities to the public under the Business Corporations Act (Ontario).

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.
Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 1(6).

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

AND

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

AND

IN THE MATTER OF STANDARD RADIO INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta and Nova Scotia (the "Jurisdictions") has received an application from Standard Radio Inc. (the "Filer") for:

- (i) a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the Corporation be deemed to have ceased to be a reporting issuer under the Legislation; and
- (ii) in Ontario only, an order pursuant to the *Business Corporations Act* (Ontario) (the "OBCA") that the Corporation be deemed to have ceased to be offering its securities to the public;

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 as follows:

1. The Filer is the corporation continuing under the OBCA following the amalgamation on September

- 1, 2002 (the "Amalgamation") of Iceberg Media.com Inc. ("Iceberg"), a corporation amalgamated under the OBCA, and Standard Radio Inc. (the "Offeror"), a corporation amalgamated under the OBCA and a wholly-owned subsidiary of Standard Broadcasting Corporation Limited ("SBCL").
2. The principal and registered office of the Filer is located at 2 St. Clair Avenue West, Suite 1100, Toronto, Ontario M4V 1L6.
3. Iceberg was a "reporting issuer" in each of the Jurisdictions at the time of the Amalgamation. As a result of the Amalgamation, the Filer became a reporting issuer in each of the Jurisdictions. The Filer is not in default of any requirements under the Legislation.
4. On May 27, 2002, the Offeror made a formal offer (the "Offer") by take-over bid to acquire all the issued and outstanding common shares of Iceberg (the "Common Shares") for \$0.05 per Common Share.
5. The Offer was originally set to expire on July 3, 2002 but was extended to July 19, 2002 by a Notice of Extension dated July 5, 2002, and further extended to August 2, 2002 by a Notice of Extension dated July 19, 2002.
6. On July 3, July 19 and August 2, 2002, the Offeror acquired 23,845,713 Common Shares, or approximately 89.5% of the Common Shares then outstanding, excluding the 5,964,240 Common Shares held by the Offeror prior to the date of the Offer.
7. As disclosed in the Offer, the Offeror intended to pursue other means of acquiring, directly or indirectly, all of the Common Shares not deposited under the Offer (a "Subsequent Acquisition Transaction").
8. The parties agreed that the Subsequent Acquisition Transaction would be by way of the Amalgamation and an amalgamation agreement dated August 6, 2002 (the "Amalgamation Agreement") was executed by the parties.
9. Upon the Amalgamation becoming effective:
 - (a) each common share of the Offeror outstanding immediately prior to the Amalgamation was converted into one common share of the Filer;
 - (b) each Common Share (other than those held by the Offeror and by the Dissenting Shareholders (defined below) prior to the Amalgamation) was converted into one Class A redeemable preferred share of Amalco (the "Preferred Shares");
 - (c) all Common Shares held by the Offeror were cancelled; and
 - (d) a Dissenting Shareholder became entitled to be paid the fair value for such Dissenting Shareholder's Common Shares and the Common Shares held by such Dissenting Shareholder were cancelled.
10. The terms of the Preferred Shares required the Filer to redeem all such shares for \$0.05 per share (the "Redemption"), subsequent to the conversion referred to in paragraph 9(b) above.
11. The net effect of the Amalgamation and the subsequent Redemption is that holders of Common Shares (other than the Offeror) became entitled to receive \$0.05 for each of their Common Shares and ceased to be shareholders of Iceberg.
12. The Amalgamation was duly approved and authorized by the shareholders of Iceberg and the Offeror on August 28, 2002. Articles of amalgamation were then filed and the Amalgamation became effective on September 1, 2002.
13. Pursuant to the Amalgamation Agreement, the Redemption was effected on September 1, 2002 and the Filer became a wholly-owned subsidiary of SBCL as of that date.
14. In accordance with section 185 of the OBCA, a registered holder of Common Shares may dissent in respect of the shareholders resolution of Iceberg to approve the Amalgamation (a "Dissenting Shareholder").
15. There are two Dissenting Shareholders, holding 4,000 Common Shares each, and a notice of adoption of resolution was sent to each such Dissenting Shareholder on August 29, 2002 pursuant to subsection 185(8) of the OBCA.
16. Pursuant to the terms of the Amalgamation Agreement, subsequent to the Amalgamation becoming effective, the Common Shares held by the two Dissenting Shareholders have been cancelled. In accordance with the procedures in section 185 of the OBCA, the two Dissenting Shareholders are entitled to be paid the fair value for their Common Shares.
17. The Common Shares were delisted from the TSX Venture Exchange on August 30, 2002 and no securities of the Filer are listed or quoted on any exchange or market.
18. The Filer has no securities, including debt securities, outstanding, other than the Common Shares and an inter-corporate debt owed to its parent, SBCL.

19. The Filer does not intend to seek public financing by way of an offering of its securities.

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

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

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

October 31, 2002.

"John Hughes"

AND IT IS HEREBY ORDERED by the Ontario Securities Commission pursuant to subsection 1(6) of the OBCA that the Filer is deemed to have ceased to be offering its securities to the public for the purposes of the OBCA.

October 21, 2002.

"Theresa McLeod"

"K. D. Adams"

2.1.7 Canaccord Capital Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – extension of time period for delivery to clients of a revised statement of policies and conflicts of interest rules.

Applicable Ontario Legislation

Ontario Regulation 1015, R.R.O. 1990, sec. 223(3)(b), 233.

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

AND

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

AND

**IN THE MATTER OF
CANACCORD CAPITAL CORPORATION**

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Ontario, and Newfoundland and Labrador (the "Jurisdictions") has received an application from Canaccord Capital Corporation (the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation to provide a revised conflict of interest rules statement or statement of policies to each client of a registrant on or before the 45th day after filing the statement with the securities regulatory authorities shall not apply to the Filer for its Revised Statement (defined below);
2. AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the British Columbia Securities Commission is the principal regulator for this application;
3. AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions;
4. AND WHEREAS the Filer has represented to the Decision Makers that:

1. Canaccord Holdings Ltd. (“Canaccord Holdings”) holds all of the shares of the Filer;
 2. the Filer is a registered dealer in each of the Jurisdictions;
 3. Canaccord Holdings entered into an agreement dated July 10, 2002 with the Manufacturers Life Insurance Company (“Manulife”), a wholly-owned subsidiary of Manulife Financial Corporation (“MFC”), whereby Manulife acquired shares and rights to acquire shares in Canaccord Holdings that, if exercised, would give Manulife 20.16% of all the outstanding shares of Canaccord Holdings;
 4. as a result of this acquisition of shares and rights, and the resulting cross ownership between Canaccord Holdings, Manulife, MFC and the Filer, the Filer, Manulife and MFC became “related issuers” as defined in the Legislation;
 5. MFC is a reporting issuer in each province and territory of Canada and its shares are listed on the Toronto Stock Exchange (“TSX”), the New York Stock Exchange and other foreign exchanges;
 6. as a result of Manulife’s direct or indirect equity interest in three other reporting issuers, Manulife Financial Capital Trust (“MAC Trust”), MIC Financing Trust I (“MIC”) and Seamark Asset Management Ltd. (“Seamark”), the Filer is also considered a related issuer of each of these reporting issuers;
 7. MAC Trust is a reporting issuer in each province and territory in Canada and its trust units are listed on the TSX;
 8. MIC is a registrant with the United States Securities and Exchange Commission;
 9. Seamark is a reporting issuer in each province and territory in Canada and its shares are listed on the TSX;
 10. the Filer prepared a revised statement of policies and conflict of interest rules which it filed with the British Columbia, Alberta, Ontario and Newfoundland Securities Commissions on August 9, 2002;
 11. a corrected revised Statement (the “Revised Statement”) was filed on August 28, 2002 with the British Columbia, Alberta, Ontario and Newfoundland Securities Commissions;
 12. the Filer has prepared a French version of the Revised Statement and has filed the French version of the Revised Statement with the Commission des valeurs mobilières du Québec on August 28, 2002;
 13. the Filer is required under the Legislation to provide to each of its clients a copy of the Revised Statement no later than September 23, 2002;
 14. the Filer is currently planning to conduct its regular quarterly mailing (the “Quarterly Mailing”) of account statements to all of its clients on or before October 9, 2002 and proposes to enclose the Revised Statement with the Quarterly Mailing;
 15. as the Filer has approximately 100,000 client accounts, a separate mailing of the Revised Statement to each of the Filer’s clients would cost approximately \$80,000;
 16. the Filer is at present providing its clients with all required disclosure when dealing with securities of all related issuers in accordance with the Legislation;
 17. the Filer complies with all other requirements of the Legislation pertaining to related issuers and conflicts of interest;
 18. the Filer provides all of its new clients with the Revised Statement; and
 19. the transaction between Canaccord Holdings and Manulife and the resulting relationship between the Filer, Manulife and MFC has been widely reported in the financial press.
5. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the “Decision”);
 6. 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;
 7. THE DECISION of the Decision Makers under the Legislation is that the requirement contained in the Legislation for the Filer to provide the Revised Statement to each of its clients on or before the 45th day after filing the Revised Statement with the securities regulatory authorities shall not apply to the Filer, provided that the Filer includes a copy of

the Revised Statement with its Quarterly Mailing of account statements to its clients on or before October 9, 2002.

September 20, 2002.

“Brenda Leong”

2.1.8 First Capital Realty Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – applicant intends to make an offer for all of its outstanding 7.5% debentures due December 1, 2003 in exchange for 7.25% convertible unsecured subordinated debentures due June 30, 2008 – offer not an issuer bid because debt securities to be acquired are not convertible into securities other than debt securities – relief from registration and prospectus requirements granted in connection with the issuance of the 7.25% debentures provided that the offer made by the applicant for the 7.5% debentures is completed in accordance with all rules pertaining to issuer bids – first trade in respect of 7.25% debentures granted subject to certain conditions.

Applicable Ontario Statutory Provisions

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

Applicable Ontario Rules

Rule 61-501 - Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions.

Applicable Instrument

Multilateral Instrument 45-102 - Resale of Securities - s. 2.11.

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

AND

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

AND

**IN THE MATTER OF
FIRST CAPITAL REALTY INC.**

MRRS DECISION DOCUMENT

WHEREAS First Capital Realty Inc. (formerly Centrefund Realty Corporation) (the “Filer”) intends to make an offer (the “Bid”) to all holders (the “Holders”) of its outstanding 7.5% debentures due December 1, 2003 (the “Original Debentures”) to purchase such Holders’ Original Debentures in exchange for newly-issued 7.25% convertible unsecured subordinated debentures of the Filer due June 30, 2008 (the “New Debentures”);

AND WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (the "Jurisdictions") has received an application (the "Application") from the Filer for a decision under the securities legislation of the Jurisdictions (the "Legislation") that, (a) subject to certain conditions, the Filer be exempt from the requirements in the Legislation to be registered to trade in a security and to obtain a receipt for a preliminary prospectus and a prospectus (the "Registration and Prospectus Requirements") in connection with the distribution by the Filer of the New Debentures pursuant to the Bid, and (b) the Application and this Decision (as defined below) remain in confidence until the earlier of the announcement of the Bid and January 31, 2003;

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

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

1. The Filer is a corporation incorporated under the laws of Ontario. The Filer is a reporting issuer or the equivalent thereof in all of the Jurisdictions and is not in default of any requirements of the Legislation.
2. The Filer is a growth-oriented real estate investment company that concentrates on the ownership of neighbourhood and community shopping centres.
3. The authorized capital of the Filer consists of an unlimited number of common shares ("Common Shares") and an unlimited number of preference shares. As at October 10, 2002, the Filer had issued and outstanding 18,568,272 Common Shares and no preference shares.
4. As at October 10, 2002, the Filer also had outstanding: (i) \$37,312,700 principal amount of Original Debentures, (ii) \$57,441,000 principal amount of 8.5% convertible unsecured subordinated debentures ("8.5% Debentures"); (iii) \$97,522,000 principal amount of 7.875% convertible unsecured subordinated debentures ("7.875% Debentures"); (iv) \$99,999,100 principal amount of 7.0% convertible unsecured subordinated debentures ("7.0% Debentures"); (v) \$133,881,900 amount of 7.25% convertible unsecured subordinated debentures ("7.25% Debentures"); and (iv) 10,428,213 common share purchase warrants ("Warrants").
5. The Common Shares, Original Debentures, 8.5% Debentures, 7.875% Debentures, 7.0% Debentures, 7.25% Debentures and Warrants are

listed on the Toronto Stock Exchange (the "TSX") under the trading symbols "FCR", "FCR.DB", "FCR.DB.A", "FCR.DB.B", "FCR.DB.C", "FCR.DB.D" and "FCR.WT", respectively.

6. Pursuant to the Bid, the Filer will make an offer to all Holders to purchase their Original Debentures in exchange for New Debentures.
7. The Original Debentures were issued pursuant to a trust indenture (the "Original Trust Indenture") dated as of March 9, 1994 between the Filer and Montreal Trust Company of Canada ("Montreal Trust"), as supplemented by a first supplemental indenture made among the same parties dated as of December 30, 1994, a second supplemental indenture made among the same parties dated as of January 1, 1996, a third supplemental indenture made among the same parties dated as of January 1, 1998, a fourth supplemental indenture made among the same parties dated as of November 30, 1998 and a fifth supplemental indenture made among the same parties and Computershare Trust Company of Canada ("Computershare") dated as of October 1, 2002 pursuant to which Montreal Trust resigned as trustee and Computershare was appointed as successor trustee under the Original Trust Indenture (the Original Trust Indenture as supplemented by the first, second, third, fourth and fifth supplemental indentures is referred to herein as the "Original Trust Indenture"). The Original Trust Indenture provides that the Filer or the Trustee (as defined in the Original Trust Indenture) or any of their respective affiliates may, by notice given in accordance with the Original Trust Indenture, purchase the Original Debentures at any price pursuant to a call for tenders given to all Holders of the Original Debentures.
8. The outstanding 7.25% Debentures were issued pursuant to a trust indenture (the "Trust Indenture") dated as of June 30, 1998 between the Filer and Montreal Trust as supplemented by a first supplemental indenture made among the same parties and Computershare dated as of October 1, 2002 pursuant to which Montreal Trust resigned as trustee and Computershare was appointed as successor trustee under the Trust Indenture (the Trust Indenture as supplemented by the first supplemental indenture is referred to herein as the "Trust Indenture"). The Trust Indenture provides for the issuance of up to \$350,000,000 principal amount of 7.25% Debentures and, accordingly, the New Debentures will be issued thereunder.
9. The New Debentures will be convertible at the holder's option into fully-paid Common Shares at any time prior to the close of business on the earlier of June 30, 2008 and the last business day preceding the date fixed for redemption at a price

- of \$24.40 per Common Share, subject to adjustment.
10. The Original Debentures are not convertible into other securities of the Filer. Accordingly, the Bid is not an issuer bid under the Legislation because the offer is being made to acquire debt securities that are not convertible into other securities of the Filer.
11. Application has been made to the TSX to list both the New Debentures to be issued in connection with the Bid and the Common Shares issuable upon the conversion of such New Debentures.
12. The Filer will send to each Holder a circular (a "Bid Circular") in the form of an issuer bid circular under the Legislation that will include prospectus-level disclosure of the New Debentures and the Common Shares issuable upon the conversion of the New Debentures.
13. The Bid Circular will contain a contractual right of action equivalent to the statutory right of action that would otherwise apply if the Bid Circular were an issuer bid circular under the Legislation.

- (iii) the Filer is a reporting issuer or the equivalent in the Jurisdictions on the date that the Original Debentures are first taken up under the Bid.

AND THE FURTHER DECISION of the Decision Makers under the Legislation is that the Application and the Decision shall be held in confidence by the Decision Makers until the earlier of (a) the announcement of the Bid and (b) January 31, 2003.

November 6, 2002.

"Paul M. Moore"

"Harold P. Hands"

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 the distribution of New Debentures issued pursuant to the Bid provided that:

- a) in respect of the Bid, the Filer complies with all of the requirements of the Legislation pertaining to issuer bids; and
- b) the first trade of New Debentures acquired pursuant to the Bid shall be deemed to be a distribution unless
- (i) the Bid Circular is filed by the Filer on SEDAR (as defined in Multilateral Instrument 45-102 *Resale of Securities*);
- (ii) the trade is not a control distribution (as defined in Multilateral Instrument 45-102 *Resale of Securities*); and

2.1.9 RONA inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief from registration and prospectus requirements for issuance by RONA of its common shares to Dealer-Owners, provided that certain conditions are met, including those set out in section 2.6 of Multilateral Instrument 45-102 Resale of Securities.

Applicable Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53 and 74(1).
Multilateral Instrument 45-102 Resale of Securities.

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
THE PROVINCES OF
SASKATCHEWAN, ONTARIO, QUEBEC, NEW BRUNSWICK,
NOVA SCOTIA, PRINCE EDWARD ISLAND AND NEWFOUNDLAND
AND**

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

AND

**IN THE MATTER OF
RONA INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of the Provinces of Saskatchewan, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (the “Jurisdictions”) has received an application from RONA inc. (the “Filer” or “RONA”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the requirements contained in the Legislation to prepare a prospectus and to be registered in accordance with the Legislation (the “Prospectus and Registration Requirements”) shall not apply to the Filer for the issuance of common shares to Dealer-Owners (as defined below), as well as to further trades of such common shares;

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

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

1. The Filer is a validly subsisting company which results from the amalgamation of Marchands Ro-Na Inc. and Le Groupe Ro-Na Inc. through articles of amalgamation dated January 2, 1984 under Part 1A of the *Companies Act* (Quebec). The Filer’s head office is located at 220 chemin du Tremblay, Boucherville, Quebec J4B 8H7.
2. The Filer is a reporting issuer in the Province of Quebec. It became a reporting issuer when its class A preferred shares, series 1 and 2 were offered to the public in the Province of Quebec by prospectus dated October 24, 1984. As such, RONA is subject to the continuous disclosure requirements of the Securities Act (Quebec) (the “Act”) and RONA shareholders receive quarterly and annual financial statements of RONA as well as proxy related materials and annual information forms, all of which are filed with the Commission des valeurs mobilières du Québec (the “Commission”) in accordance with the Act.
3. The Filer is an electronic filer within the meaning given to such term under National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR).
4. The Filer’s authorized share capital consists of an unlimited number of Class A preferred shares, issuable in series of which one series, designated as an unlimited number of Class A preferred shares, series 5 (the “Class A Preferred Shares”) is currently authorized, an unlimited number of Class B preferred shares (the “Class B Preferred Shares”), an unlimited number of Class C preferred shares, issuable in series of which one series, designated as an unlimited number of Class C preferred shares, series 1 (the “Class C Preferred Shares”) is currently authorized, an unlimited number of Class D preferred shares (the “Class D Preferred Shares”), an unlimited number of Class E preferred shares

(the "Class E Preferred Shares"), an unlimited number of Class A common shares (the "Class A Shares"), an unlimited number of Class C common shares (the "Class C Shares"), an unlimited number of Class D common shares (the "Class D Shares") and an unlimited number of Class E common shares (the "Class E Shares"), all of which are without par value (except for the Class B Preferred Shares which have a par value of \$1.00).

5. As at June 30, 2002, the only shares of RONA issued and outstanding were the following: 4,085,053 Class A Preferred Shares, 1,306 Class C Preferred Shares, 10,000,000 Class D Preferred Shares, 5,752,826 Class A Shares, 1,346,296 Class C Shares, 1,802,450 Class D Shares and 360,490 Class E Shares. No Class B Preferred Shares and no Class E Preferred Shares are currently outstanding and no shares of RONA are currently listed on any stock exchange. It is expected that effective upon the filing of a final base PREP prospectus for RONA's public offering of Common Shares (as defined below) (the "Offering"), the Class A Shares, Class C Shares, Class D Shares and Class E Shares will be subdivided on an expected four to one basis.
6. The articles of the Filer, as amended (the "Articles"), provide that immediately before but conditionally upon the closing of the Offering, each outstanding Class C Share, Class D Share and Class E Share will be automatically converted into a Class A Share and that the classes of Class C Shares, Class D Shares, Class E Shares and Class E Preferred Shares will be cancelled. In addition, the Articles provide that the Class A Shares will automatically be renamed "Common Shares" (collectively, the "Capital Reorganisation").
7. The Filer also has the intention to list the Common Shares on The Toronto Stock Exchange.
8. RONA stores are operated under various collective trade-marks known as "banners" and they are either owned by RONA or by dealers (the "Dealer-Owners").
9. Upon joining RONA, each Dealer-Owner is required to execute a commercial license agreement (the "License Agreement") pursuant to which it undertakes to comply with RONA's standards, including the operating conditions of the banner under which it operates. In addition, Dealer-Owners, pursuant to their License Agreement, are typically required to purchase a minimum number of Class A Shares when they begin operating a store under a RONA banner and contribute on an annual basis thereafter a percentage of their purchases from RONA to a subscription fund created and maintained by RONA (the "Fund"). The contributions so made to the Fund in a given year are used to purchase additional Class A Shares that are issued to the Dealer-Owners the following year. Each Dealer-Owner is also required to grant in favour of RONA a security interest in all the shares of RONA held by it as continuing security for the performance of its obligations towards RONA.
10. In the event of the termination of the License Agreement between a Dealer-Owner and RONA, the Class A Shares held by such Dealer-Owner may be either (i) with the consent of RONA, transferred to another Dealer-Owner or to a purchaser qualified to become a Dealer-Owner, or (ii) purchased for cancellation by RONA. If a Dealer-Owner's Class A Shares are purchased for cancellation by RONA, RONA may either pay the Dealer-Owner the cash value of those Class A Shares or issue the Dealer-Owner Class C Preferred Shares, Class B Preferred Shares or Class A Preferred Shares depending on the date at which such Class A Shares were purchased by RONA. The Filer intends to cease purchasing such shares after the closing of the Offering and the listing of the Common Shares on The Toronto Stock Exchange considering that former Dealer-Owners will have a market on which to sell their Common Shares.
11. Prior to February 14, 1994, the Filer issued Class A Shares and Class B Preferred Shares to Dealer-Owners in the Province of Quebec pursuant to a series of discretionary rulings granted by the Commission. These rulings provided exemptive relief from prospectus and registration requirements and, in some cases, also provided certain conditions for the resale of the securities thereby distributed (although RONA currently satisfies all of these conditions). On February 14, 1994, the Commission granted RONA a perpetual ruling providing exemptive relief from prospectus and registration requirements for all Class A Shares and Class B Preferred Shares to be issued by RONA to its Dealer-Owners if such issue was made in accordance with the representations made by RONA in its application to the Commission. On February 8, 1999, a similar ruling was granted with regards to the issuance by RONA of Class A Preferred Shares to the Dealer-Owners.
12. On July 23, 1993, the Ontario Securities Commission (the "OSC") ruled that the issuance of Class A Shares and Class B Preferred Shares by RONA to Dealer-Owners was not subject to the prospectus and registration requirements of the *Securities Act* (Ontario), provided that :
 - (a) Each purchaser of Class A Shares or Class B Preferred Shares has been approved by RONA as an Ontario Dealer-Owner and has purchased the Class A Shares or Class B Preferred Shares pursuant to the License Agreement,
 - (b) Prior to the first issuance or transfer of any Class A Shares or Class B Preferred Shares to an Ontario Dealer-Owner, RONA has to provide such Ontario Dealer-Owner with:

- (i) a copy of the OSC's ruling, and
 - (ii) a statement that, as a consequence of such ruling, certain protections, rights and remedies provided by the *Securities Act* (Ontario), including statutory rights of recession or damages, will not be available to Ontario Dealer-Owners,
- (c) all continuous disclosure materials relating to RONA, including its audited annual reports and its unaudited quarterly reports, furnished to RONA's Dealer-Owners residing in the Province of Quebec be concurrently sent to Ontario Dealer-Owners, and
- (d) the first trade in the Class A Shares or Class B Preferred Shares, other than to other Dealer-Owners, a purchaser qualified to become a Dealer-Owner or RONA, is a distribution in accordance with the *Securities Act* (Ontario).

This ruling was revoked and replaced on November 5, 1999 by a similar ruling which also covered the issuance of Class A Preferred Shares.

13. Similar orders have been obtained by RONA for the issuance of Class A Shares and Class B Preferred Shares in the Provinces of Nova Scotia, Prince Edward Island and Newfoundland on September 15, 1999, January 28, 1998 and January 5, 1998 respectively. On January 6, 1998, the Administrator of Securities, New Brunswick also rendered a similar ruling except for the fact that this ruling did not contain any resale restrictions.
14. As a result of the Capital Reorganisation, the Class A Shares held by Dealer-Owners will be redesignated "Common Shares" immediately before the closing of the Offering.
15. As of the closing of the Offering, the License Agreements and most of the applicable commercial regulations between RONA and the Dealer-Owners will be the same as they currently are, except that certain amendments will be made to modify, among other things, the applicable contribution maximums and, subject to certain conditions, permit the release of a certain number of the Dealer-Owners' Common Shares from the pledge granted to RONA.

Following these amendments, new Dealer-Owners will be required to purchase, upon their adhesion to RONA's network, Common Shares from RONA's treasury in an aggregate amount of \$10,000 (which amount shall be reduced to \$5,000 for stores with estimated annual purchases from RONA equal or inferior to \$1 million), for a price per share based on their market value at such time.

Subject to the limitations set out below, Dealer-Owners will continue to be required to make annual contributions to the Fund in an amount equal to 2% of their purchases from RONA of the previous calendar year, except in the case of Dealer-Owners operating under the RONA L'entrepôt and RONA Le Régional banners who will have the obligation to contribute a fixed amount annually.

All Dealer-Owners' contributions to the Fund will now be capped at three levels:

- the annual maximum: in any given year a Dealer-Owner may not contribute an amount greater than the annual maximum applicable to its store category.
- the cumulative subscription maximum: subject to the terms of the pledge maximum set out below, a Dealer-Owner's contributions will cease when its total contributions to the Fund, from time to time, reach a level equal to the lesser of the applicable percentage of its annual purchases for the previous calendar year or the fixed maximum threshold applicable to its store category, except in the case of Dealer-Owners operating under the RONA L'entrepôt and RONA Le Régional banners who will have the obligation to contribute a fixed amount.
- the pledge maximum: a Dealer-Owner's contributions will be suspended for a given year if the aggregate value of the Common Shares held by the Dealer-Owner, as determined each year on a date set by the board of directors of RONA (the "Adjustment Date"), is greater than the pledge maximum applicable to its store category. Notwithstanding the foregoing, in the first calendar year that includes the closing date of the Offering, the first Adjustment Date will be the date of the preliminary base PREP prospectus filed in respect of the Offering and the second Adjustment Date will be the closing date of the Offering. The total value of the Common Shares held by a Dealer-Owner on an Adjustment Date will correspond to the amount obtained by multiplying the number of such shares by 75% of (i) in the case of the first Adjustment Date, \$15.00 (following subdivision), (ii) in the case of the second Adjustment Date, the price per Common Share under the Offering, or (iii) in the case of any other Adjustment Date, the market value of a Common Share.

Decisions, Orders and Rulings

16. The annual maximum, the cumulative subscription maximum and the pledge maximum will vary with the different store categories in the manner set out below:

Store Category	Annual Maximum	Cumulative Subscription Maximum (lesser of)		Pledge Maximum (lesser of)	
		Annual Purchase Percentage	Maximum Threshold	Annual Purchase Percentage	Maximum Threshold
Stores with annual purchases of:					
- Between \$0 and \$1,000,000	\$10,000	12%	\$100,000	20%	\$200,000
- Between \$1,000,001 and \$2,500,000	\$20,000	12%	\$150,000	20%	\$400,000
- Between \$2,500,001 and \$5,000,000	\$25,000	12%	\$175,000	20%	\$600,000
- Between \$5,000,001 and \$10,000,000	\$30,000	12%	\$200,000	20%	\$800,000
- More than \$10,000,000	\$35,000	12%	\$225,000	20%	\$1,000,000
RONA Le Régional	\$35,000	-	\$225,000	-	\$1,000,000
RONA L'entrepôt	\$75,000	-	\$450,000	-	\$1,200,000

If, on any Adjustment Date, the value of the Common Shares held by a Dealer-Owner is greater than its pledge maximum on that date, RONA will have to, at the Dealer-Owner's request and subject to the following conditions, refund such Dealer-Owner the balance of its contributions made to the Fund and release from the pledge and return to the Dealer-Owner the portion of its Common Shares in excess of the pledge maximum (the "Excess Common Shares"). The release of such Excess Common Shares is conditional, among other things, on the Dealer-Owner (i) complying with certain of its undertakings toward RONA pursuant to its License Agreement and the related commercial arrangements, and (ii) not receiving any direct or indirect financial assistance from RONA except for the amount customarily extended by RONA to such category of Dealer-Owner by way of line of credit or advance. A Dealer-Owner whose aggregate value of Common Shares (calculated as set forth above) held by it falls below its pledge maximum at any given subsequent Adjustment Date will have to resume its contributions to the Fund if its cumulative subscription maximum has not yet been reached.

17. In connection with the amendments described in the foregoing paragraph, RONA and National Bank Trust (the "Transfer Agent") have entered into escrow agreements with over 92% of the Dealer-Owners. Under the terms of the said escrow agreements, any Dealer-Owner who holds Excess Common Shares has undertaken to place the said shares in escrow with the Transfer Agent. Except for any such shares sold as part of a secondary offering made concurrently with the Offering, such shares are to be released from escrow, subject to certain conditions, as follows: 15% of the balance of the escrowed shares on the 180th day following the closing date of the Offering (the "First Release Date"), 30% of the balance of the escrowed shares on the first anniversary of the First Release Date, 50% of the balance of the escrowed shares on the second anniversary of the First Release Date and the balance of the escrowed shares on the third anniversary of the First Release Date. If the License Agreement entered into by a Dealer-Owner terminates before the end of the escrow period, the escrow agreement also provides that the Common Shares released from RONA's pledge as a result of such termination will be escrowed and released pursuant to the remaining time frame set out above. The release of any escrowed shares is subject to certain conditions which relate, among other things, to the Dealer-Owner complying with certain of its undertakings toward RONA under its commercial license agreement.
18. RONA currently plans to expand its business operations in all provinces of Canada by entering into License Agreements with individuals or businesses that meet RONA requirements.
19. RONA is a reporting issuer in the Province of Quebec and an electronic filer on SEDAR. After the Offering, RONA will be subject to continuous disclosure requirements in all Jurisdictions. As a result, Dealer-Owners will have access to continuous disclosure materials relating to RONA, including its audited annual reports and unaudited quarterly reports.

20. The underlying commercial objective in offering Common Shares to Dealer-Owners is to provide RONA with capital and to encourage Dealer-Owners by virtue of their position as shareholders of RONA to utilize the volume purchasing services of RONA, thereby furthering economies of scale in RONA's purchasing activities and benefiting Dealer-Owners through the use of a collective purchasing power that would otherwise be unavailable to them.
21. The contractual arrangements and the terms of the License Agreements between RONA and its Dealer-Owners will be, following the Offering, essentially the same as before the Offering, with the exception of the amendments described herein.
22. Based on the foregoing, the Filer submits that it would not be prejudicial to the public interest to grant the relief sought.

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

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

AND WHEREAS each Decision Maker is satisfied that to do so would not be prejudicial to the public interest;

IT IS THE DECISION of the Decision Makers under the Legislation that the Prospectus and Registration Requirements shall not apply to the issuance by RONA of Common Shares to Dealer-Owners in the Jurisdictions, provided that:

- (a) each purchaser of Common Shares has been approved by RONA as a Dealer-Owner;
- (b) prior to the first issuance of any Common Shares to a Dealer-Owner, RONA provided such Dealer-Owner with:
 - (i) a copy of the Decision, and
 - (ii) a statement that, as a consequence of the Decision, certain protections, rights and remedies provided under the Legislation, including statutory rights of rescission or damages, would not be available to Dealer-Owners;
- (c) except in Québec, the first trade in Common Shares acquired by the Dealer-Owner in a Jurisdiction shall be deemed to be a distribution under the Legislation of such Jurisdiction unless the conditions in subsection (3) or (4) of Section 2.6 of Multilateral Instrument 45-102 – Resale of Securities are satisfied.

November 7, 2002.

"Jean-François Bernier"

2.1.10 First Trust Advisors, L.P. and Mitchell Mohr - Rule 31-505

Headnote

Decision pursuant to section 4.1 of Ontario Securities Commission 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

Ontario Securities Commission Rule 31-505 (1999) 22 O.S.C.B. 731, ss. 1.3(2), ss. 1.3(3), s. 4.1.
Ontario Securities Commission 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
FIRST TRUST ADVISORS, L.P. AND MITCHELL MOHR**

**DECISION
(Rule 31-505)**

UPON the application of First Trust Advisors, L.P. (FTA) and Mitchell Mohr (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 Mr. Mohr 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 Mr. Mohr by the designated compliance officer of FTA (the **Application**);

AND UPON considering the Application;

AND UPON the Applicants having represented to the Director that:

1. FTA is registered with the Ontario Securities Commission as a non-Canadian adviser in the categories of investment counsel and portfolio manager.
2. Mr. Mohr has a Bachelor of Business Administration degree from Loyola University of Chicago. He received his Certified Public Accountant designation in 1979. He is registered in the United States with the National Association

of Securities Dealers, Inc. as a General Securities Representative (Series 7), General Securities Principal (Series 24) and Uniform Securities Agent State Law Exam (Series 63).

3. Mr. Mohr joined FTA in June 2001 as Chief Compliance Officer. As Chief Compliance Officer at FTA, Mr. Mohr is involved in the development and maintenance of the policies and procedures designed to ensure that FTA's activities are compliant with applicable legislation.
4. Prior to joining FTA, Mr. Mohr was a principal at Ernst & Young LLP, where he had practiced since 1979. Mr. Mohr gained significant experience in accounting and auditing, including reviewing internal controls and procedures and compliance with such controls and procedures. His experience was concentrated in the securities industry.
5. Mr. Mohr 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 FTA.
6. The designated compliance officer of FTA will not delegate and Mr. Mohr 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 Mr. Mohr meet the proficiency requirements of the Proficiency Rule in order for Mr. Mohr to be delegated supervisory functions by the designated compliance officer of FTA;

PROVIDED THAT:

- (A) This order shall not take effect until such time as Mr. Mohr has completed the New Entrants Examination.
- (B) The designated compliance officer of FTA shall not delegate and Mr. Mohr shall not assume the supervisory functions enumerated in subsection 1.3(2) of the Registration Rule; and
- (C) 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.

November 1, 2002.

“David M. Gilkes”

2.1.11 Case Credit Ltd. - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, SASKATCHEWAN, 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
CASE CREDIT LTD.**

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (collectively, the “Decision Makers”) in each of the provinces of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and Labrador (the “Jurisdictions”) has received an application from Case Credit Ltd. (“Case Credit”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that Case Credit be deemed to cease to be a reporting issuer or its equivalent under the Legislation;
2. AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), Alberta Securities Commission is the principal regulator for this application;
3. AND WHEREAS Case Credit has represented to the Decision Makers that:
 - 3.1 Case Credit is a corporation governed by the *Canada Business Corporations Act* (the “CBCA”) with its registered office located at Suite 1900, 333-7th Avenue, S. W., Calgary, Alberta T2P 2Z1;
 - 3.2 Case Credit is a reporting issuer in each of the Jurisdictions;
 - 3.3 other than failing to file financial statements for the second quarter ending June 30, 2002, Case Credit is not in

default of any of its obligations as a reporting issuer under the Legislation;

3.4 Case Credit's Medium-Term Note Program, which commenced on October 22, 1998, has now expired and Case Credit has no present intention of raising money by a further public offering of securities;

3.5 Case Credit Corporation is the sole security holder of Case Credit and holds 1 issued and outstanding Common Share of Case Credit. There are no securities, including public debt obligations, other than the Common Share held by Case Credit Corporation, currently issued and outstanding, and there are no securities of Case Credit listed on any exchange.

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

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

6. THE DECISION of the Decision Maker pursuant to the Legislation is that Case Credit is deemed to have ceased to be a reporting issuer, or its equivalent, under the Legislation.

November 7, 2002.

"Patricia M. Johnston"

2.1.12 Computershare Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from the registration requirements and the prospectus requirements in connection with the issuance of securities by a foreign issuer to the employees of its Canadian affiliate pursuant to an employee stock purchase plan – issuer with Canadian de minimis presence.

Applicable Ontario Statutory Provisions

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

Ontario Rules

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

Applicable Instruments

Multilateral Instrument 45-102 Resale of Securities.

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

AND

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

AND

**IN THE MATTER OF
COMPUTERSHARE LIMITED**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (collectively, the "Decision Makers") in each of British Columbia, Alberta, Manitoba, Ontario, Québec and Nova Scotia (collectively, the "Jurisdictions") has received an application from Computershare Limited (the "Applicant") for a decision pursuant to the securities legislation in the Jurisdictions (collectively, the "Legislation") that: (i) the requirement to be registered to trade in a security contained in the Legislation (the "Registration Requirements") and the requirement to file and obtain a receipt for a preliminary prospectus and a prospectus contained in the Legislation (the "Prospectus Requirements") shall not apply to certain trades and distributions of American Depositary Receipts ("ADRs") and shares in the common stock of the Applicant (the "Common Shares") made in connection with the Applicant's Employee Stock Purchase Plan (the "Plan"); and (ii) the Registration Requirements shall not apply to first trades of ADRs and Common Shares acquired under the Plan executed on an

exchange or market, or made to a company, outside of Canada;

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 Applicant has represented to the Decision Makers that:

1. The Applicant is a company incorporated under the laws of the State of Victoria, Australia. The Applicant intends to make the employees and employee executives of Computershare Trust Company of Canada ("CTCC" or the "Canadian Affiliate"), an indirect wholly owned Canadian subsidiary of the Applicant, eligible to participate in the Plan.
2. As of June 30, 2002, approximately 554,326,613 Common Shares were issued and outstanding. The authorized capital of the Applicant includes Common Shares and reset convertible preference shares.
3. The Applicant is not, and has no present intention of becoming, a reporting issuer or the equivalent under the Act or under the applicable securities legislation of any of the other Jurisdictions.
4. The Applicant is a reporting company with the relevant securities commission in Australia. The Applicant is current with its reporting obligations under the relevant legislation of this jurisdiction.
5. Neither the Common Shares nor any other securities of the Applicant are listed or posted for trading on any stock exchange or over-the-counter market in Canada. The Common Shares are listed and posted for trading on the Australian Stock Exchange (the "ASX") and the New Zealand Stock Exchange. The Applicant is current in all applicable filing and reporting obligations as required by these exchanges.
6. The Plan is intended to advance the interests of the Applicant and its stockholders by encouraging certain eligible employees and employee executives of the Applicant to either acquire a proprietary interest or increase their proprietary interest in the Applicant and to otherwise benefit from the success of the Applicant.
7. Under the Plan, certain employees and employee executives of the Canadian Affiliate (the "Participants") may purchase through payroll deductions (the "Participant Contribution") Common Shares, on the ASX through an Australian registered broker. Such Common Shares are to be exchanged into ADRs as soon as reasonably practicable after the purchase. The Applicant will match the purchase by the

Participants (the "Employer Contribution") as more fully described in paragraph 11.

8. The Plan contemplates that Participants may purchase Common Shares on the first Business Day of each three-month period which begins on the first day of each calendar quarter (an "Offering Period"), in which the Plan is in effect. The Participant may participate in the Plan, in any given calendar year, in an amount not less than 1% and not more than 15% (as may be amended by CTCC from time to time) of the Participant's annual base salary.
9. On the date that Common Shares are acquired on the ASX for each applicable Offering Period (the "Purchase Date"), the cash balance in each Participant's account held by CTCC shall be applied to the purchase Common Shares on the ASX by an Australian registered broker on behalf of the Participants and registered in the name of CTCNY or its nominee.
10. All trades to Participants of Common Shares acquired in the open market will be effected through an Australian registered broker. The initial broker currently selected by the Applicant is E-Trade Australia Securities Ltd. ("E-Trade"). However, E-Trade will not be used for issuances or trades of Common Shares issued from treasury or ADRs under the Plan. Also, in the future a different Australian or other foreign registered broker (the "Broker") may be used.
11. The Applicant will, effective as of the first anniversary of each Purchase Date (the "Anniversary Date"), issue to each Participant from treasury such number of Common Shares equal to the number of Common Shares purchased with each Participant Contribution on such Purchase Date and still held in each Participant's account with CTCC as of the Anniversary Date. Such Common Shares will also be exchanged into ADRs as soon as reasonably practicable after such Anniversary Date.
12. During any calendar year, a Participant shall not be issued Common Shares pursuant to the Employer Contribution component of the Plan where the aggregate book value of Common Shares already issued to the Participant under the Employer Contribution during such calendar year is equal to Aus \$3,000.
13. The Common Shares purchased on the ASX with the Participant Contributions and the Common Shares issued from treasury as Employer Contributions shall be held in a separate account of CTCNY with Computershare Clearing Pty Limited ("CCPL"), as custodian.
14. CTCNY will issue ADRs to Participants in exchange for the number of Common Shares held

- by CTCNY on behalf of a Participant as soon as practicable after the Purchase Date or Anniversary Date, as applicable, and shall be recorded in the Participant's account with CTCC as of the applicable Purchase Date or Anniversary Date.
15. A Participant may withdraw some or all of his or her holdings from the Plan at any time. The Participant shall indicate to CTCNY the number of ADRs to be withdrawn from the Plan and the manner in which the corresponding Common Shares will be dealt.
16. The Participant may request that the Common Shares represented by such withdrawn ADRs be:
- (a) sold on the ASX, in which case the sale proceeds converted into Canadian currency, less any conversion and any commissions and processing fees, shall be forwarded to the Participant as soon as practicable after such sale; or
 - (b) be transferred into such Participant's personal securities account in accordance with the instructions provided on the withdrawal instructions.
17. All dividends received in respect of the Common Shares held by CTCNY for a Participant shall be allocated to his or her Participant account with CTCC and used to purchase additional Common Shares for the Participant in accordance with section 9 above (the "Dividend Reinvestment").
18. A Participant shall have the right to vote or direct CTCC, as agent for the Participant, as to the voting of any Common Shares registered in the name of CTCNY and held by CCPL, as custodian on behalf of the Participant.
19. Any Common Shares and ADRs acquired under the Plan are non-transferable, except in accordance with the withdrawal and termination provisions of the Plan, and any rights attaching thereto may only be exercised by a Participant.
20. CTCC shall have full power and authority to administer the Plan including arranging trade instructions regarding Common Shares on the sale of ADRs.
21. Participation in the Plan is voluntary and Participants are not induced to participate in the Plan by expectation of employment or continued employment.
22. No expenditure for distribution or promotion, other than the professional fees and remuneration paid to a broker, have been or will be made in respect of the Plan.
23. The resale of Common Shares by Participants in connection with the Plan will be effected through E-Trade or the Broker and executed through the facilities of the exchanges listed in paragraph 5 or another exchange outside Canada. As such, these trades will be subject to the regulations and requirements of both the relevant exchange and securities legislation.
24. Neither CTCC, CTCNY, E-Trade nor the Broker will offer any advice to the Participants regarding the decision to acquire, hold or sell the ADRs or Common Shares under the Plan.
25. Participants resident in the Jurisdictions will be provided with the same level of disclosure in respect of the Plans as is provided to all other Participants and, upon becoming a shareholder of the Applicant, Participants resident in the Jurisdictions will be provided with the same disclosure material relating to the Applicant that is provided to all other holders of Common Shares. Participants residing in Québec shall also receive a French language document that complies with local requirements.
26. As of the date of this Application, residents of Canada hold less than 10% of the issued and outstanding Common Shares, and residents of Canada represented in number less than 10% of the total number of holders of the issued and outstanding Common Shares.
27. If, at any time during the currency of the Plan, Canadian resident shareholders of the Applicant hold, in aggregate, greater than 10% of the total number of issued and outstanding Common Shares or if such shareholders constitute more than 10% of all shareholders of the Applicant, the Applicant will apply to the relevant Jurisdiction for an order with respect to further trades to any by the Canadian resident shareholders in that Jurisdiction in respect of Common Shares acquired under the Plan.
28. As of the date of this Application, the Applicant and its Canadian Affiliate had in total approximately 986 eligible employees and employee executives resident in Canada, of which approximately 136 reside in Alberta, 92 reside in British Columbia, 8 reside in Nova Scotia, 3 reside in Manitoba, 417 reside in Ontario and 330 reside in Québec.

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

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

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

- (i) the Registration Requirements and the Prospectus Requirements shall not apply to any trade or distribution of Common Shares or ADRs made in connection with the Plan, including trades and distributions involving the Applicant and its Canadian Affiliate, E-Trade, the Broker and the Participants, provided that: (a) the first trade of ADRs acquired through the Plan pursuant to this Decision shall be deemed to be a distribution or primary distribution to the public under the Legislation unless such trade is made to CTCNY; (b) except in Québec, the first trade in Common Shares acquired through the Plan pursuant to this Decision will be deemed a distribution or primary distribution to the public under the Legislation unless the conditions in subsection 2.14(1) of Multilateral Instrument 45-102 Resale of Securities are satisfied; and (c) in Québec, the alienation (resale) of Common Shares acquired through the Plan pursuant to this Decision will be deemed a distribution unless such alienation (resale) is made outside of Canada or among Participants or between Participants and persons related to the Participants;
- (ii) the Registration Requirement shall not apply to the first trade in ADRs acquired by Participants under the Plan pursuant to this Decision provided that the first trade of the ADRs is to CTCNY; and
- (iii) the Registration Requirement shall not apply to the first trade in Common Shares acquired by a Participant under the Plan made through E-Trade or the Broker provided that the first trade is executed through the facilities of a stock exchange or organized market outside Canada.

November 8, 2002.

“Paul M. Moore”

“Harold P. Hands”

2.2 Orders

2.2.1 Endeavour Mining Capital Corp. - ss. 83.1(1)

Headnote

Reporting issuer in Alberta and British Columbia that is listed on TSX Venture Exchange deemed to be a reporting issuer in Ontario.

Statutes Cited

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

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

AND

**IN THE MATTER OF
ENDEAVOUR MINING CAPITAL CORP.**

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

UPON the application of Endeavour Mining Capital Corp. (the "Company") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 83.1(1) of the Act that the Company be deemed to be a reporting issuer for the purposes of Ontario securities law;

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

AND UPON the Company having represented to the Commission that:

1. The Company is a company governed by the *Companies Law* (Cayman Islands), as amended. Its head office and registered office are located in George Town, Grand Cayman, Cayman Islands, British West Indies.
2. Upon the exchange of securities of the Company for outstanding securities of Welcome Opportunities Ltd. ("Welcome") effective September 9, 2002, in connection with a statutory arrangement (the "Welcome Arrangement"), the Company became a "reporting issuer" under the *Securities Act* (Alberta) (the "Alberta Act") and under the *Securities Act* (British Columbia) (the "B.C. Act") as one of the issuers participating in such arrangement, namely Welcome, was a reporting issuer under the Alberta Act and under the B.C. Act.
3. Upon closing of the Welcome Arrangement, the Company did not become a "reporting issuer" under the Act as Welcome had been a reporting

issuer under the Act for less than 12 months prior to September 9, 2002.

4. The Company is not a reporting issuer or its equivalent under the securities legislation of any jurisdiction in Canada other than the Alberta Act and the B.C. Act. Prior to the Welcome Arrangement, Welcome was not a reporting issuer or its equivalent under the securities legislation of any jurisdiction in Canada other than the Alberta Act, the B.C. Act, and the Act. Welcome is a reporting issuer under the Act. In a separate application to the Commission, Welcome has applied to be deemed to have ceased to be a reporting issuer under the Act.
5. The authorized capital of the Company consists of US \$2,000,000, divided into 100,000,000 ordinary voting shares (the "EMCC Shares") with a par value of US \$0.01 each, 15,542,868 of which were outstanding as at October 20, 2002, and 100,000,000 undesignated shares with a par value of US \$0.01 each, none of which have been issued. An aggregate of 675,000 EMCC Shares have been reserved for issuance on the exercise of stock options granted by the Company to its directors, officers and consultants and to individuals who were directors, officers, employees of or consultants to Welcome prior to closing of the Welcome Arrangement, in exchange for their stock options to purchase common shares (the "Welcome Shares") in the capital of Welcome.
6. The EMCC Shares were listed on the TSX Venture Exchange (the "TSX-V") on September 9, 2002 under the symbol "EDV" and the Welcome Shares were delisted from the TSX-V on September 10, 2002.
7. As a result of the Welcome Arrangement, the former holders of Welcome Shares acquired 28.74% of the issued and outstanding EMCC Shares. As a result of the Welcome Arrangement, the Company owns all of the issued and outstanding Welcome Shares.
8. The Company is not in default of any requirements of the B.C. Act, the Alberta Act, or any of the rules and regulations thereunder. The Company is not in default of any requirements of the TSX-V or any of the rules and policies of the TSX-V. To the best knowledge of management of the Company, the Company has not been the subject of any enforcement actions by the British Columbia or Alberta Securities Commissions or by the TSX-V.
9. The continuous disclosure requirements of the Alberta Act and the B.C. Act are substantially the same as the requirements under the Act.
10. In order to obtain the approval of the holders of Welcome Shares in respect of the Welcome

Arrangement and as a condition to receiving TSX-V acceptance of the Welcome Arrangement and the listing of the EMCC Shares in substitution for the Welcome Shares, Welcome was required to file with the TSX-V for its review and approval a management information circular in draft form and containing prospectus-level disclosure in respect of the Welcome Arrangement and the parties thereto, namely Welcome, the Company and Endeavour Capital Corporation. On or about August 6, 2002, Welcome filed a management information circular dated July 30, 2002 on the System for Electronic Document Analysis and Retrieval ("SEDAR"), which circular was accepted by the TSX-V as meeting the TSX-V requirements. The materials filed by the Company under the Alberta Act and the B.C. Act are available on SEDAR under the Company's SEDAR profile. The materials filed by Welcome under the Alberta Act, the B.C. Act and the Act are available on SEDAR under Welcome's SEDAR profile.

11. The Company has a significant connection to Ontario in that, upon closing of the Welcome Arrangement, the Company had 22 shareholders registered with an address in Ontario and holding a total of 4,068,139 EMCC Shares or 26.17% of a total of 15,542,868 EMCC Shares outstanding.

12. Neither the Company nor any of its directors, officers nor, to the best knowledge of the Company and its directors and officers, any controlling shareholder of the Company, has:

- (i) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority,
- (ii) entered into a settlement agreement with a Canadian securities regulatory authority, or
- (iii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13. Neither the Company nor any of its directors, officers nor, to the best knowledge of the Company, its directors and officers, any controlling shareholder of the Company, is or has been subject to:

- (i) any known ongoing or concluded investigations by (a) a Canadian securities regulatory authority, or (b) a court or regulatory authority, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or

- (ii) any bankruptcy or insolvency proceeding, or proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding ten years.

14. None of the directors or officers of the Company nor, to the best knowledge of the Company, its directors and officers, any controlling shareholder of the Company, is or has been at the time of such event a director or officer of any other corporation which is or has been subject to:

- (i) any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding ten years; or
- (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding ten years.

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

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

November 6, 2002.

"John Hughes"

**2.2.2 EdgeStone Capital Mezzanine Fund II, L.P.
et al. - ss. 144(1) and 74(1)**

Headnote

Subsections 144(1) and 74(1) – certain non-redeemable investment funds not accredited investors within meaning of Rule 45-501 because not all unit holders accredited investors – certain unit holders acquired fund units under employee exemption in Rule 45-503 – trades in portfolio securities by funds previously granted exemption from registration and prospectus exemptions – order revoked and replaced by ruling which also permits funds to acquire portfolio securities through nominee companies – first trade of portfolio securities acquired by funds deemed to be a distribution unless conditions of section 2.5 of MI 45-102 satisfied

Statute Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74(1), 144(1).

Rules Cited

Commission Rule 45-501 Exempt Distributions (2001), 24 OSCB 5549.
Commission Rule 45-503 Trades to Employees, Executives and Consultants (1998) 22 OSCB 117.

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

AND

**IN THE MATTER OF
EDGESTONE CAPITAL MEZZANINE FUND II, L.P.**

AND

**IN THE MATTER OF
EDGESTONE CAPITAL VENTURE FUND, L.P.**

AND

**IN THE MATTER OF
EDGESTONE CAPITAL EQUITY FUND II-A, L.P. AND
EDGESTONE CAPITAL EQUITY FUND II-B, L.P.**

**ORDER AND RULING
(Subsections 144(1) and 74(1))**

WHEREAS on August 30, 2002, the Ontario Securities Commission made a ruling (the “Original Ruling”) that that the acquisition of portfolio securities by each of EdgeStone Capital Mezzanine Fund II, L.P. (the “Mezzanine Fund”), EdgeStone Capital Venture Fund, L.P. (the “Venture Fund”), EdgeStone Capital Equity Fund II-A, L.P. (“Equity Fund II-A”) and EdgeStone Capital Equity Fund II-B, L.P. (“Equity Fund II-B”) (hereinafter Equity Fund II-A and Equity Fund II-B collectively referred to as “Equity Fund II” and each of the Mezzanine Fund, the Venture

Fund and Equity Fund II collectively referred to as the “Funds”) will not be subject to sections 25 and 53 of the Act;

AND WHEREAS the Funds wish to amend the Original Ruling in order to:

- (a) permit the Funds to acquire portfolio securities through nominee companies that are wholly-owned by the general partner of each Fund, and
- (b) provide resale restrictions so that, in certain circumstances, portfolio securities acquired by the Funds or their respective nominee companies not be subject to sections 25 and 53 of the Act;

AND WHEREAS in order to so amend the Original Ruling, the Funds have applied to revoke the Original Ruling and to restate it as set out below;

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

AND UPON each of the Funds having represented to the Commission that:

Mezzanine Fund

1. The Mezzanine Fund is a limited partnership formed on December 19, 2000 by the filing of a declaration under the *Limited Partnerships Act* (Ontario) and pursuant to an amended and restated limited partnership agreement dated October 31, 2001 (the “Mezzanine Fund Partnership Agreement”).
2. EdgeStone Capital Mezzanine II Partners, Inc., a corporation existing under the laws of Canada, is the general partner of the Mezzanine Fund (the “Mezzanine Fund General Partner”).
3. The Mezzanine Fund is not a reporting issuer in the Province of Ontario or in any other Canadian jurisdiction and has no intention of becoming a reporting issuer in the future.
4. The principal place of business of the Mezzanine Fund and the registered office of the Mezzanine Fund General Partner are in Toronto, Ontario.
5. The investment objectives of the Mezzanine Fund are to invest primarily in subordinated debt instruments of mid-market private and public Canadian companies.
6. Pursuant to the terms of the Mezzanine Fund Partnership Agreement, the Mezzanine Fund is authorized to issue units (“Mezzanine Fund Units”) which are non-redeemable and subject to restrictions on transfer contained in the Mezzanine Fund Partnership Agreement.

7. Mezzanine Fund Units were offered under a confidential offering memorandum dated December 2000.
8. Other than the Employees (as defined below), each of the limited partners of the Mezzanine Fund is an “accredited investor” within the meaning of OSC Rule 45-501 *Exempt Distributions* (“OSC Rule 45-501”).
9. The Mezzanine Fund acquires and may in the future acquire securities of portfolio companies through nominee companies (each a “Mezzanine Fund Nominee”). The sole shareholder of each Mezzanine Fund Nominee is or will be the Mezzanine Fund GP.

Venture Fund

10. The Venture Fund is a limited partnership formed on December 15, 2000 by the filing of a declaration under the *Limited Partnerships Act* (Ontario) and pursuant to an amended and restated limited partnership agreement dated October 31, 2001 (the “Venture Fund Partnership Agreement”).
11. EdgeStone Capital Venture Partners, Inc., a corporation existing under the laws of Canada, is the general partner of the Venture Fund (the “Venture Fund General Partner”).
12. The Venture Fund is not a reporting issuer in the Province of Ontario or in any other Canadian jurisdiction and has no intention of becoming a reporting issuer in the future.
13. The principal place of business of the Venture Fund and the registered office of the Venture Fund General Partner are in Toronto, Ontario.
14. The investment objectives of the Venture Fund are to invest primarily in equity and equity related securities of early stage technology companies carrying on business in any of the communications sector, the information technology sector, the applied technology sector, the network infrastructure sector, the wireless technology sector or the internet-based sector.
15. Pursuant to the terms of the Venture Fund Partnership Agreement, the Venture Fund is authorized to issue units (“Venture Fund Units”) which are non-redeemable and subject to restrictions on transfer contained in the Venture Fund Partnership Agreement.
16. Venture Fund Units were offered under a confidential offering memorandum dated December 2000.
17. Other than the Employees, each of the limited partners of the Venture Fund is an “accredited investor” within the meaning of OSC Rule 45-501.
18. The Venture Fund acquires and may in the future acquire securities of portfolio companies through nominee companies (each a “Venture Fund Nominee”). The sole shareholder of each Venture Fund Nominee is or will be the Venture Fund GP.

Equity Fund II

19. Equity Fund II comprises two limited partnerships: Equity Fund II-A and Equity Fund II-B. Equity Fund II-A is a limited partnership formed on June 20, 2002 by the filing of a declaration under the *Limited Partnerships Act* (Ontario) and pursuant to a limited partnership agreement dated June 20, 2002 (the “Equity Fund II-A Partnership Agreement”). Equity Fund II-B is a limited partnership formed on January 9, 2002 by the filing of a declaration under the *Limited Partnerships Act* (Ontario) and pursuant to an amended and restated limited partnership agreement dated June 20, 2002 (the “Equity Fund II-B Partnership Agreement”).
20. EdgeStone Capital Equity Fund II-A GP, L.P., a limited partnership existing under the laws of Ontario, is the general partner of Equity Fund II-A (the “Equity Fund II-A General Partner”). EdgeStone Capital Equity Fund II-B GP, Inc., a corporation existing under the laws of Canada, is the general partner of Equity Fund II-B (the “Equity Fund II-B General Partner”).
21. Neither of Equity Fund II-A nor Equity Fund II-B is a reporting issuer in the Province of Ontario or in any other Canadian jurisdiction and neither has any intention of becoming a reporting issuer in the future.
22. The principal place of business of Equity Fund II and the registered office of the Equity Fund II-A General Partner and the Equity Fund II-B General Partner (collectively, the “Equity Fund II General Partner”) are in Toronto, Ontario.
23. The investment objectives of Equity Fund II are to invest primarily in equity and equity related securities of mid-market North American companies (with Equity Fund II-A focusing primarily on Canadian-based companies and Equity Fund II-B focusing primarily on North American companies generally).
24. Pursuant to the terms of the Equity Fund II-A Partnership Agreement and the Equity Fund II-B Partnership Agreement (collectively, the “Equity Fund II Partnership Agreements”), each of Equity Fund II-A and Equity Fund II-B is authorized to issue units (collectively, “Equity Fund II Units”) which are non-redeemable and subject to

restrictions on transfer contained in the Equity Fund II Partnership Agreements.

25. Equity Fund II Units are currently being offered for sale under a confidential offering memorandum dated July 2000. An initial closing of Units of Equity Fund II-B occurred on January 9, 2002 and a subsequent closing of Units of Equity Fund II-A and Equity Fund II-B occurred on June 20, 2002.
26. Other than the Employees, each of the limited partners of Equity Fund II is an "accredited investor" within the meaning of OSC Rule 45-501.
27. Equity Fund II intends to acquire securities of portfolio companies through nominee companies (each an "Equity Fund II Nominee"). The sole shareholder of each Equity Fund II Nominee will be EdgeStone Capital Equity Fund II GP, L.P.

General

28. Andrew Claerhout, Romeo Leemrijse, Zaheed Poptia, Stephanie Craig and Mike Forzley (collectively, the "Employees") are employees of an affiliate of each of the Mezzanine Fund General Partner, the Venture Fund General Partner and the Equity II General Partner. The Employees hold limited partnership units in each of the Funds but are not "accredited investors" as defined in OSC Rule 45-501. Each of the Employees acquired their limited partnership units under an exemption in Ontario Securities Commission Rule 45-503 *Trades to Employees, Executives and Consultants*.
29. Each of the Mezzanine Fund Nominees, the Venture Fund Nominees and the Equity Fund II Nominees (collectively, the "Nominee Companies") acquires or will acquire securities of portfolio companies for and on behalf of the Mezzanine Fund, the Venture Fund and the Equity Fund II, respectively. Each of the Nominee Companies has entered, or will enter, into a declaration of trust with the relevant Fund pursuant to which the relevant Nominee Company has agreed to hold all of its right, title and interest in and to any securities of portfolio companies acquired by the Nominee Company for and on behalf of the relevant Fund.
30. Since the Funds, through the Nominee Companies, intend to invest in securities of issuers that are generally not listed or traded on a public market, the investment activities by the Funds will be limited to acquiring securities on a private placement basis for which an exemption from sections 25 and 53 of the Act is available.
31. The only exemption from Sections 25 and 53 of the Act available to the Funds for purposes of their investment acquisitions is the accredited investor exemption in section 2.3 of OSC Rule 45-501.

However, because the Employees are not "accredited investors", the Funds will be unable to invest in equity and equity related securities or, in the case of the Mezzanine Fund, in subordinated debt instruments, on an exempt basis or to fulfil their respective purposes.

32. Any future trades in securities of the Funds will be made by persons or companies that are "accredited investors" under OSC Rule 45-501 at the time such trade is made.

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

IT IS ORDERED, pursuant to subsection 144(1) of the Act, that the Original Ruling be revoked;

AND IT IS RULED, pursuant to subsection 74(1) of the Act, that trades to the Funds (or to Nominee Companies investing for and on behalf of the Funds) in securities of portfolio companies will not be subject to sections 25 and 53 of the Act, provided that the first trade in such securities will be a distribution unless the provisions of subsections 2.5(2) or 2.5(3) of Multilateral Instrument 45-102 *Resale of Securities* are satisfied.

November 5, 2002.

"Paul M. Moore"

"Mary Theresa McLeod"

2.2.3 National Bank Financial Inc. et al. - ss. 74(1)

Headnote

U.S. registered broker-dealer, which is an indirectly wholly owned subsidiary of an Ontario registered dealer, exempted from the requirements of subsection 25(1)(a) of the Act with respect to trades effected by salespersons who are registered representatives of both broker-dealer and investment dealer, where trades are made with or on behalf of persons or companies who are resident in the U.S. – Salespersons of broker-dealer also exempted from requirements of subsection 25(1)(a) of the Act with respect to their trading on behalf of broker-dealer. – Broker-dealer and salespersons of broker-dealer to comply with all applicable United States securities law. – Broker-dealer will not trade with or on behalf of persons or companies who are resident in Canada.

Statutes Cited

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

**IN THE MATTER OF
THE SECURITIES ACT**

R.S.O. 1990, CHAPTER S.5, AS AMENDED (the “Act”)

AND

**IN THE MATTER OF
NATIONAL BANK FINANCIAL INC.,
NBC INTERNATIONAL (USA) INC. AND
NBF SECURITIES (USA) CORP.**

**ORDER
(Section 74(1) of the Act)**

UPON the application of National Bank Financial Inc. (“NBF”), NBC International (USA) Inc. (“NBCI”) and NBF Securities (USA) Corp. (“NSCo”) to the Ontario Securities Commission (the “Commission”) pursuant to section 74(1) of the *Securities Act* (Ontario) (the “Act”) for a ruling that where persons who are salespersons or officers of NSCo and who are also registered under the Act to trade on behalf of NBF as salespeople or officers of NBF (“dual representatives”) act on behalf of NSCo in respect of trades in securities with or for persons or entities who are resident in the United States (“US Clients”), the dual representatives and NSCo shall not be subject to section 25(1) of the Act;

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

AND UPON representation to the Commission that:

1. NBF is a registered dealer under the Act and is a member of the Investment Dealers Association of Canada;
2. NBCI is incorporated under the laws of the province of Ontario and was formerly known as

First Marathon (U.S.A.) Inc. It is a wholly owned subsidiary of NBF. The head office of NBC International Canada is located in Toronto;

3. NBCI is a broker-dealer registered under the *US Securities Exchange Act of 1934*, as amended, and is a member of the National Association of Securities Dealers, Inc;
4. NBCI was established as a vehicle for trading in Canadian securities with or on behalf of US Clients, primarily institutional investors. NBCI is also a market maker in Nasdaq Canada Market listed securities and is registered under the securities laws of the province of Quebec as a dealer with a practice limited to Nasdaq market making and intermediary activities;
5. NBCI does not trade in securities with or on behalf of persons or entities who are resident in Canada;
6. where NBCI trades with or on behalf of US Clients, NBCI and any dual representatives who act on behalf of NBCI in respect of such trades are required to comply with applicable US securities laws;
7. First Marathon (U.S.A.) Inc., a predecessor of NBCI, and its dual representatives were granted discretionary relief from the registration requirements of section 25(1)(a) with respect to trading in securities with US Clients;
8. as part of an internal corporate reorganization, all of the assets of NBCI will be transferred to NSCo. NSCo is a newly formed Nova Scotia unlimited liability company and an indirect, wholly owned subsidiary of NBF;
9. NSCo will not at any time trade in securities with or on behalf of Canadian investors; and
10. absent the ruling requested, NSCo and registered representatives employed by NBF and NSCo, would not have the benefit of the relief granted to its predecessor, First Marathon (U.S.A) Inc;

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

IT IS HEREBY ORDERED, pursuant to section 74(1) of the Act, that:

- 1) dual representatives shall not be subject to the registration requirements of section 25(1)(a) of the Act where the dual representative acts on behalf of NSCo in respect of trades in securities with or for US Clients, provided that the dual representative complies with applicable US securities laws; and

- 2) NSCo shall not be subject to the requirements of paragraph 25(1)(a) of the Act with respect to trading in securities with or on behalf of U.S. Clients provided that:
- i) NSCo complies with all registration and other requirements under applicable United States securities laws;
 - ii) a dual representative acts on behalf of NSCo in respect of such trading; and
 - iii) NSCo shall file with the Commission such reports as to trading in securities as the Commission may from time to time require.

November 8, 2002.

“Robert L. Shirriff”

“Howard I. Wetston”

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
Atlantic Systems Group Inc.	28 Oct 02	08 Nov 02	08 Nov 02	
BRO-X Minerals Ltd.	05 Nov 02	15 Nov 02		
Consolidated Grandview Inc.	06 Nov 02	18 Nov 02		12 Nov 02
Curran Bay Resource Ltd.	06 Nov 02	18 Nov 02		
Dynasty Components Inc.	28 Oct 02	08 Nov 02	08 Nov 02	
July Resources Corp.	04 Nov 02	15 Nov 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	04 Nov 02		

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Chapter 5

Rules and Policies

5.1.1 Notice and Commission Approval of Rule Under the Securities Act - MI 31-102 and Companion Policy 31-102CP - National Registration Database

NOTICE AND COMMISSION APPROVAL OF RULE UNDER THE SECURITIES ACT MULTILATERAL INSTRUMENT 31-102 AND COMPANION POLICY 31-102CP NATIONAL REGISTRATION DATABASE

Introduction

The Commission has, under section 143 of the *Securities Act* (the "Act"), made Multilateral Instrument 31-102.

The instrument and the material required by the Act to be delivered to the Minister of Finance were delivered on November 15, 2002. If the Minister approves the instrument, does not reject the instrument or return it to the Commission for further consideration, it will come into force on February 3, 2003.

Purpose

The instrument requires that certain registration information be submitted to regulators electronically through the National Registration Database (NRD) and that fees paid in respect of registration are paid through NRD.

Background

On December 14, 2001, the Canadian Securities Administrators published for comment drafts of the instrument and companion policy. On June 14, 2002, the CSA republished for comment amended drafts of the instrument and companion policy, together with a summary of the comments received during the first comment period and our responses. During the second comment period we received 5 submissions. A summary of these comments, together with our responses, is contained in Appendix "A" to this notice.

For additional background information on the instrument and companion policy as well as a detailed summary of the contents of the drafts of previously published materials, please refer to the notices that were published with those drafts.

Summary of Changes

This section describes the changes made to the instrument and companion policy since the June 2002 drafts were published for comment.

Paragraph 3.1(1)(b) has been added to the instrument to ensure that multiple records are not created for non-registered individuals or business locations.

The part of the June 2002 draft instrument that mandated the process of enrolling to use NRD has been removed. The reason for this is that enrolment is an administrative process that does not need to be mandated in the instrument. For the same reason, the enrolment forms have been removed from the instrument. The enrolment process will be set out in the NRD filer manual.

Sections 7.5, 7.6, and 7.8 have been amended to provide that a firm no longer has an obligation to submit a Form 33-109F4 for an individual under those sections if another firm has submitted that form for the individual. The amended sections provide that if a firm is relieved of the obligation of submitting a complete Form 33-109F4 for an individual, it must still ensure that the individual's employment location is still properly recorded on NRD.

Subsection 7.9(2) of the instrument has been added to clarify that a Form 33-109F4 submitted under subsection 7.9(1) must show the individual's registration categories as they were at the time the individual applied to change his or her categories in paper format.

Rules and Policies

The companion policy has been amended to clarify that if a person or company is required to make a submission under both this instrument and OSC Rule 31-509 (*Commodity Futures Act*) with respect to the same information, the Commission is of the view that a single filing on the required form satisfies both legal requirements.

Part 8 has been amended to clarify that transition firms are required to start enrolling to use NRD on February 3, 2003. The remaining obligations in the instrument are scheduled to come into force on March 31, 2003, the date on which NRD will launch.

Questions

Please refer your questions to any of:

Dirk de Lint
Legal Counsel
Ontario Securities Commission
(416) 593-8090
ddelint@osc.gov.on.ca

Kathleen Blevins
Legal Counsel
Alberta Securities Commission
(403) 297-3308
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Anthony Wong
Senior Legal Counsel, Legal and Market Initiatives
British Columbia Securities Commission
(604) 899-6777
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The text of the instrument and companion policy follow.

DATED: November 15, 2002

Appendix "A"
Comment Table
Multilateral Instrument 31-102 National Registration Database

Commentators

Edward Jones
 Royal Bank of Canada
 Scotia Bank Management Group
 TD Bank Financial Group
 Friedberg Mercantile Group

	Category	Comment	Response
1.	31-102 Implementation Date	<ul style="list-style-type: none"> • Launch of NRD should be later than November 25, 2002. • Launch in spring of 2003. • A November launch is problematic because it conflicts with the increased workload of registration due to year-end registration renewals and staffing changes resulting from the RRSP season. 	The launch of NRD has been postponed until March 31, 2003.
2.	31-102 Fees	<ul style="list-style-type: none"> • Question whether benefits of NRD to industry would exceed the proposed NRD user fees. • NRD fees will increase one commentator's costs related to registration by nearly 40% per year. The savings provided by the system will not offset this amount. 	Based on the conclusions of the survey conducted by the Chief Economist's Office of the Ontario Securities Commission, the CSA is of the view that over time most firms will realize significant benefits from the implementation of NRD.
3.	31-102 Fees	<ul style="list-style-type: none"> • The CSA should reduce the proposed NRD user fees by applying registration fees to pay for NRD. • The CSA should estimate the operational savings it expects to achieve with the implementation of NRD and use those savings to reduce the costs of NRD. 	NRD user fees and registration fees are used to cover distinct costs. NRD user fees cover the cost of NRD while registration fees cover the cost of ongoing regulator operations. If, following the implementation of NRD, a regulator realises a reduction in its operational costs and decides to pass those savings to industry, that should be done by reducing registration fees.
4.	31-102 Help Manual (Filer Manual)	The Help Manual (Filer Manual) is not sufficiently user friendly and would be an inadequate guide for the day-to-day use of NRD.	The Help Manual (Filer Manual) is undergoing changes to become more user friendly. It will ultimately be much more user friendly in its on-line form than in its paper form.
5.	31-102 Paper Filings	The CSA should indicate what registration documents will be filed in paper outside NRD. The CSA should eliminate such paper filings where possible.	<p>The NRD Help Manual (Filer Manual) provides a list of filings that will be required to be made in paper form. Please note that, on occasion, regulators may ask for additional paper documentation if further information is required about an individual. Because a request for specific additional documentation will be unique to the circumstances of each case, CSA staff cannot provide an itemized list of documents that may be requested. CSA staff are confident that such circumstances will be relatively limited.</p> <p>A primary aim of NRD is to limit paper filings. The current incarnation of NRD reduces paper</p>

	Category	Comment	Response
			filings significantly. Future versions of NRD will be designed to further reduce paper filings.
6.	31-102 Mutual Reliance	A mutual reliance system should be implemented. This would permit an applicant's jurisdiction of residence to approve applications on behalf of all jurisdictions.	The use of mutual reliance in other areas of securities regulation such as registration is being considered. While there is no formal mutual reliance registration system yet, NRD will provide many of the benefits of such a system by streamlining the submission and response process. Registrants will only have to file one set of documents once for all jurisdictions and the jurisdictions will share, maintain, and review one central set of registration records for individuals. NRD will act as a foundation for the regulators to create a formal mutual reliance registration system.
7.	31-102 MFDA	The CSA should ensure that the MFDA will use NRD.	Discussions are being undertaken with the MFDA about this matter. The MFDA's requirements have not been finalized.
8.	31-102 Access to Information	<ul style="list-style-type: none"> NRD should allow an individual to obtain his or her NRD number at any time without the assistance of the firm and without relying upon paper records. It would help firms if they could, with the individual's consent, access a potential employee's NRD registration information. 	A future release may allow individuals to gain easier access to their own registration information. In the current release an individual who knows his or her NRD number would be able to provide it to an AFR at a firm to which the individual is considering transferring. Together with the AFR, the individual will be able to look at his or her registration information. An individual who has forgotten his or her NRD number and is unable to get it from the employer would be able to get it from a regulator.
9.	31-102 Permanent Record	Firms would find it useful to be able to print an individual's permanent record at any time in PDF.	This function will be added to NRD prior to the launch of the system.
10.	31-102 Implementation Communication	<ul style="list-style-type: none"> The CSA provide some training to firm representatives who could then train other users in their respective firms. The CSA should make resources available to answer technical questions that firms' information technology staff might have. 	The CSA is in the process of developing a training plan for NRD. This plan will be communicated to industry by year-end. The CSA has also launched a web site (www.nrd-info.ca) that will be regularly up-dated with information to assist firms to prepare for NRD.
11.	31-102 Temporary Hardship	Please clarify the meaning of "unanticipated technical difficulties". Could it, for example, include technical problems within a firm?	<p>Circumstances may arise where a firm has technical difficulties that are sufficiently severe such that a firm or individual is unable to make timely submissions via NRD. CSA staff are of the view, however, that these circumstances will be extremely rare. CSA staff are confident that firms and individuals will be able to ascertain when such circumstances arise.</p> <p>Please note that a registrant's access to NRD will not be confined to a specific computer or system as NRD is a web-based system. A registrant should be able to access NRD via an alternative computer or system in most circumstances.</p>

	Category	Comment	Response
12.	31-102 Form 33-109F4 Completion	<ul style="list-style-type: none"> • Registrants should not be responsible for populating the NRD database. Since the securities regulators currently maintain the registrant information that is required to be transferred to the NRD system, regulators should populate the NRD database with information from their own records. The registrant's role should be limited to checking the accuracy of certain material data that the regulators have transferred. • Whether firms are required to submit completed Forms 33-109F4 within one year or within three years their resource requirements will be the same. It should be sufficient for this information to be inputted if an individual's registration information changes or the individual transfers firms. 	<p>CSA staff understand the concerns expressed but maintain the view that firms are in the best position to provide up to date information on their registered and non-registered individuals. In the experience of CSA staff, some registrants have not been diligent about keeping regulators up to date with their registration information. Further, some registrants have only provided abbreviated forms (e.g. Form 4A) that do not contain all requisite information.</p> <p>CSA staff understand that Form 33-109F4 completion is a significant undertaking. CSA staff are confident that the Form 33-109F4 completion process will be more easily managed over a three-year period rather than a one-year period as costs and other resources will be stretched out over a significantly longer time period. For example, strain on technological and management resources should be eased by a longer transition period.</p> <p>Form 33-109F4 completion is required for all registered and non-registered individuals to achieve the goal of ultimately eliminating paper-based systems for plain vanilla applications. If all relevant information is not stored on NRD, registrants and regulators alike will have to maintain two systems indefinitely.</p>
13.	31-102 Transition and Change of Registration Category	Should an individual include prior registration category information upon submitting a Form 33-109F4 under subsection 8.9(a) if the regulator has already approved his or her change of category application? The individual must include his or her new category information in order to comply with section 8.10. Will the individual still have to input a Form 33-109F2, as required under section 8.9(b)?	The instrument has been amended. If an individual's change of category application is approved outside of the system during the freeze period, the individual will be required to submit a Form 33-109F4 reflecting the old category after the NRD Access Date. Within one business day of submitting the Form 33-109F4, the individual will be required to submit a Form 33-109F2 Change or Surrender of Individual Category application even though a paper application had previously been made. CSA staff expect few such situations to arise during the transition period.
14.	31-102 Notice of Termination	Will a transition firm be able to submit a Form 33-109F1 Notice of Termination for an individual whose Form 33-109F4 has not been submitted?	Yes. NRD will contain basic tombstone information about all registered individuals including an individual NRD number.
15.	31-102 Commodity Futures Legislation	It should be made clear that where identical filings would be required of a person or company registered under both securities and commodity futures legislation, filing under the Multilateral Instrument would be deemed to constitute a filing under the applicable Ontario Securities Commission Rule and vice-versa.	The OSC Companion Policies have been amended to indicate that a requirement to make a submission under a Securities Act instrument will be satisfied if the identical submission is made under the Commodity Futures Act rule, and vice-versa..

	Category	Comment	Response
16.	31-102 British Columbia Registration Proposals	Does NRD have long-term viability in light of recent regulatory initiatives calling for the disbanding of the current registration structure altogether?	One jurisdiction asked industry to comment on ideas for reforming the registration process. However, to date, no jurisdiction has implemented any proposal to do so. NRD will provide benefits for the present registration regime and therefore it is not prudent to delay the delivery of such benefits based on ideas that may or may not come to fruition.

5.1.2 Multilateral Instrument 31-102, National Registration Database

MULTILATERAL INSTRUMENT 31-102
NATIONAL REGISTRATION DATABASE

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**MULTILATERAL INSTRUMENT 31-102
NATIONAL REGISTRATION DATABASE**

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions - In this Instrument

“authorized firm representative” or “AFR” means, for a firm filer, an individual with his or her own NRD user ID and who is authorized by the firm filer to submit information in NRD format for that firm filer and individual filers with respect to whom the firm filer is the sponsoring firm;

“chief AFR” means, for a firm filer, an individual who is an AFR and has accepted an appointment as a chief AFR by the firm filer;

“firm filer” means a person or company that is required under securities legislation to make an NRD submission in accordance with this Instrument and that is registered as, or has applied for registration as, a dealer, adviser, or underwriter;

“individual filer” means an individual that is required under securities legislation to make an NRD submission in accordance with this Instrument;

“MI 33-109” means Multilateral Instrument 33-109 Registration Information;

“National Registration Database” or “NRD” means the online electronic database of registration information regarding NRD filers and includes the computer system providing for the transmission, receipt, review and dissemination of that registration information by electronic means;

“NRD account” means an account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD by electronic pre-authorized debit;

“NRD administrator” means CDS INC. or a successor appointed by the securities regulatory authority to operate NRD;

“NRD filer” means an individual filer or a firm filer;

“NRD format” means the electronic format for submitting information through the NRD website;

“NRD number” means the unique number first generated by NRD to identify an NRD filer, a non-registered individual, or a business location;

“NRD submission” means information that is submitted under securities legislation or securities directions in NRD format, or the act of submitting information under securities legislation or securities directions in NRD format, as the context requires;

“NRD website” means the website operated by the NRD administrator for the NRD submissions;

1.2 Interpretation - Terms defined in MI 33-109 and used in this Instrument have the respective meanings ascribed to those terms in MI 33-109.

PART 2 INFORMATION TO BE SUBMITTED IN NRD FORMAT

2.1 Registration Information - A person or company that is required to submit any of the following to the securities regulatory authority or regulator must make the submission in NRD format:

1. Form 33-109F1;
2. Form 33-109F2;
3. Form 33-109F3;
4. Form 33-109F4 or a change to any information previously submitted in respect of Form 33-109F4.

PART 3 MAKING NRD SUBMISSIONS

3.1 NRD Submissions

- (1) An NRD filer that is required under securities legislation to submit information in NRD format must make that NRD submission
 - (a) through the NRD website,
 - (b) using the NRD number of the NRD filer, non-registered individual, or business location, and
 - (c) in accordance with this Instrument.
- (2) A requirement in securities legislation relating to the format in which a document or other information to be submitted must be printed, or specifying the number of copies of a document that must be submitted, does not apply to an NRD submission required to be made in accordance with this Instrument.
- (3) An NRD filer making an NRD submission must make the NRD submission through an AFR.

3.2 Ongoing Firm Filer Requirements – A firm filer must

- (a) be enrolled with the NRD administrator to use NRD;
- (b) have one and no more than one chief AFR enrolled with the NRD administrator;
- (c) maintain one and no more than one NRD account;
- (d) notify the NRD administrator of the appointment of a chief AFR within 5 business days of the appointment;
- (e) notify the NRD administrator of any change in the name of the firm's chief AFR within 5 business days of the change; and
- (f) submit any change in the name of an AFR, other than the firm's chief AFR, in NRD format within 5 business days of the change.

PART 4 PAYMENT OF FEES THROUGH NRD

4.1 Payment of Submission Fees

- (1) If a fee is required with respect to an NRD submission, a firm filer must pay the required fee by electronic pre-authorized debit through NRD.
- (2) A payment under subsection (1) must be made from the firm filer's NRD account.

4.2 Payment of Annual Registration Fees

- (1) If a firm filer is required to pay an annual registration fee, the firm filer must pay the required fee by electronic pre-authorized debit through NRD.
- (2) A payment under subsection (1) must be made from the firm filer's NRD account.

4.3 Payment of NRD User Fees - Annual

- (1) If a firm filer is required to pay an annual NRD user fee, the firm filer must pay the required fee by electronic pre-authorized debit through NRD.
- (2) A payment under subsection (1) must be made from the firm filer's NRD account.

PART 5 TEMPORARY HARDSHIP EXEMPTION

5.1 Temporary Hardship Exemption

- (1) If unanticipated technical difficulties prevent an NRD filer from making a submission in NRD format within the time required under securities legislation, the NRD filer is exempt from the requirement to make the submission within the required time period, if the NRD filer makes the submission in paper format or NRD format no later than 5 business days after the day on which the information was required to be submitted.
- (2) Form 33-109F5 is the paper format for submitting a notice of a change to Form 33-109F4 information.
- (3) If unanticipated technical difficulties prevent an individual filer from submitting an application in NRD format, the individual filer may submit the application in paper format.
- (4) If an NRD filer makes a paper format submission under this section, the NRD filer must include the following legend in capital letters at the top of the first page of the submission:

IN ACCORDANCE WITH SECTION 5.1 OF MULTILATERAL INSTRUMENT 31-102 NATIONAL REGISTRATION DATABASE (NRD), THIS [SPECIFY DOCUMENT] IS BEING SUBMITTED IN PAPER FORMAT UNDER A TEMPORARY HARDSHIP EXEMPTION.
- (5) If an NRD filer makes a paper format submission under this section, the NRD filer must resubmit the information in NRD format as soon as practicable and in any event within 10 business days after the unanticipated technical difficulties have been resolved.

PART 6 EXEMPTION

6.1 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 7 TRANSITION

7.1 Definitions - In this Part

“NRD access date” means, for an NRD firm filer, the date the NRD firm filer receives notice that it has access to NRD to make NRD submissions; and

“transition firm” means every dealer, adviser and underwriter that

- (a) is a registered firm on February 3, 2003, or
- (b) is not a registered firm on February 3, 2003 and has applied for registration before March 31, 2003.

7.2 NRD Enrolment For Transition Firms - A transition firm must enroll to use NRD by the later of

- (a) February 7, 2003, and
- (b) the date that the firm has applied for registration.

7.3 NRD Submissions before NRD Access Date - Despite any requirement in this Instrument to submit information in NRD format, a transition firm may submit information in paper format before the NRD access date.

7.4 Accuracy of Business Location Information - If the information recorded on NRD for a business location of a transition firm is missing or inaccurate on the NRD access date, the transition firm must submit a completed Form 33-109F3 in NRD format in respect of that business location within 30 business days of the NRD access date.

7.5 Individuals Included in the Data Transfer

- (1) Except as provided in subsection (2), in respect of individuals who were recorded on NRD as registered or non-registered individuals of a transition firm on the NRD access date, the transition firm must submit completed Forms 33-109F4 in NRD format for
 - (a) 5 percent of those individuals by the end of April 2004,
 - (b) 10 percent of those individuals by the end of May 2004,
 - (c) 15 percent of those individuals by the end of June 2004,
 - (d) 20 percent of those individuals by the end of July 2004,
 - (e) 25 percent of those individuals by the end of August 2004,
 - (f) 30 percent of those individuals by the end of September 2004,
 - (g) 35 percent of those individuals by the end of October 2004,
 - (h) 40 percent of those individuals by the end of November 2004,
 - (i) 45 percent of those individuals by the end of December 2004,
 - (j) 50 percent of those individuals by the end of March 2005,
 - (k) 55 percent of those individuals by the end of April 2005,
 - (l) 60 percent of those individuals by the end of May 2005,
 - (m) 65 percent of those individuals by the end of June 2005,
 - (n) 70 percent of those individuals by the end of July 2005,
 - (o) 75 percent of those individuals by the end of August 2005,
 - (p) 80 percent of those individuals by the end of September 2005,
 - (q) 85 percent of those individuals by the end of October 2005,
 - (r) 90 percent of those individuals by the end of November 2005,
 - (s) 95 percent of those individuals by the end of December 2005, and
 - (t) all of those individuals by the end of March 2006.
- (2) Despite subsection (1), a transition firm is not required to submit a completed Form 33-109F4 in respect of an individual if another firm has submitted a completed Form 33-109F4 in respect of the individual.
- (3) A transition firm that is exempt under subsection (2) from the requirement to submit a completed Form 33-109F4 in respect of an individual must submit the individual's employment location information in NRD format by the end of March 2006.

7.6 Individuals not Included in the Data Transfer

- (1) Except as provided in subsection (2), a transition firm must submit a completed Form 33-109F4 in NRD format within 30 business days of the NRD access date for each individual who was not recorded on NRD on the NRD access date as a registered or non-registered individual of the firm and for whom the transition firm was the sponsoring firm on the NRD access date.
- (2) Despite subsection (1), a transition firm is not required to submit a completed Form 33-109F4 in respect of an individual if another firm has submitted a completed Form 33-109F4 in respect of the individual.

- (3) A transition firm that is exempt under subsection (2) from the requirement to submit a completed Form 33-109F4 in respect of an individual must submit the individual's employment location information in NRD format within 30 business days of the NRD access date.

7.7 Changes to Form 4 Information - Registered Individuals - A registered individual who has submitted a completed Form 33-109F5 under section 8.5 of MI 33-109, must submit a completed Form 33-109F4 in NRD format by the later of 15 business days after

- (a) the NRD access date of the individual's sponsoring firm, and
- (b) the date that the individual submitted the Form 33-109F5.

7.8 Changes to Form 4 Information - Non-registered Individuals

- (1) Except as provided in subsection (2), a transition firm that has submitted a completed Form 33-109F5 for a non-registered individual under section 8.7 of MI 33-109, must submit a completed Form 33-109F4 for the individual in NRD format by the later of 15 business days after

- (a) the NRD access date, and
- (b) the date that the firm submitted the Form 33-109F5.

- (2) Despite subsection (1), a transition firm is not required to submit a completed Form 33-109F4 in respect of an individual if another firm has submitted a completed Form 33-109F4 in respect of the individual.

- (3) A transition firm that is exempt under subsection (2) from the requirement to submit a completed Form 33-109F4 in respect of an individual must submit the individual's employment location information in NRD format by the later of 15 business days after

- (a) the NRD access date, and
- (b) the date that the firm submitted the Form 33-109F5.

7.9 Pending Application to Change Individual's Registration Category

- (1) If an individual submitted an application in paper format to change his or her category of registration and the category of registration applied for is not recorded with the individual's record on NRD on the NRD access date, the individual must

- (a) submit a completed Form 33-109F4 in NRD format within 30 business days after the NRD access date of his or her sponsoring firm, and
- (b) resubmit the application to change his or her category of registration by submitting a completed Form 33-109F2 in NRD format within 1 business day of submitting the Form 33-109F4 under paragraph (a).

- (2) Despite section 7.10, a Form 33-109F4 submitted under subsection (1) must contain the individual's categories of registration as they were recorded on NRD on the NRD access date.

7.10 Currency of Form 33-109F4 - For greater certainty, except as provided under subsection 7.9(2), a completed Form 33-109F4 that is submitted under this Part must be current on the date that it is submitted despite any prior submission in paper format.

7.11 Termination of Relationship - Despite a requirement under this Part to submit a completed Form 33-109F4, a transition firm is not required to submit a Form 33-109F4 in respect of an individual if the firm has submitted a completed Form 33-109F1 in respect of the individual in paper format before the firm's NRD access date or in NRD format after the firm's NRD access date.

PART 8 EFFECTIVE DATE

8.1 Effective Date

- (1) Part 1, section 7.1 and section 7.2 come into force on February 3, 2003.

- (2) Except for Part 1, section 7.1 and section 7.2, this Instrument comes into force on March 31, 2003.

**COMPANION POLICY 31-102CP
TO MULTILATERAL INSTRUMENT 31-102
NATIONAL REGISTRATION DATABASE**

PART 1 APPLICATION AND PURPOSE

- 1.1 **Application** - Multilateral Instrument 31-102 ("MI 31-102") has been implemented in all jurisdictions except Quebec.
- 1.2 **Purpose** - The purpose of MI 31-102 is to establish requirements for the electronic submission of registration information through NRD.

PART 2 PRODUCTION OF NRD FILINGS

- 2.1 The securities legislation of several jurisdictions contains a requirement to produce or make available an original or certified copy of information filed under the securities legislation. Each relevant securities regulatory authority or regulator, as applicable, considers that it may satisfy such a requirement in the case of information filed in NRD format by providing a printed copy or other output of the information in readable form that contains or is accompanied by a certification by the securities regulatory authority or regulator that the printed copy or output is a copy of the information filed in NRD format.

PART 3 DATE OF FILING

- 3.1 The securities regulatory authority or regulator takes the view that information filed in NRD format is, for purposes of securities legislation, filed on the day that the transmission of the information to NRD is completed.

PART 4 OFFICIAL COPY OF NRD FILINGS

- 4.1 For purposes of securities legislation, securities directions or any other related purpose, the securities regulatory authority or regulator takes the view that the official record of any information filed in NRD format by an NRD filer is the electronic information stored in NRD.

PART 5 AUTHORIZED FIRM REPRESENTATIVE AS AGENT

- 5.1 The securities regulatory authority or regulator is of the view that when making an NRD submission an AFR is an agent of the firm or individual to whom the filing relates.

PART 6 ONGOING FIRM FILER REQUIREMENTS

- 6.1 The securities regulatory authority or regulator expects that firm filers will follow the processes set out in the NRD Filer Manual to (a) enroll with the NRD administrator, (b) keep their enrolment information current, and (c) keep their NRD account information current.

PART 7 COMMODITY FUTURES ACT SUBMISSIONS

- 7.1 In Ontario, if a person or company is required to make a submission under both MI 31-102 and OSC Rule 31-509 (*Commodity Futures Act*) with respect to the same information, the securities regulatory authority is of the view that a single filing on a form required under either rule satisfies both requirements.

5.1.3 Notice and Commission Approval of Rule Under the Commodity Futures Act - OSC Rule 31-509 (Commodity Futures Act) and Companion Policy 31-509CP, National Registration Database

**NOTICE AND COMMISSION APPROVAL OF
RULE UNDER THE COMMODITY FUTURES ACT
ONTARIO SECURITIES COMMISSION RULE 31-509 (Commodity Futures Act)
AND COMPANION POLICY 31-509CP
NATIONAL REGISTRATION DATABASE**

Introduction

The Commission has, under section 65 of the *Commodity Futures Act* (the "Act"), made Ontario Securities Commission Rule 31-509.

The rule and the material required by the Act to be delivered to the Minister of Finance were delivered on November 15, 2002. If the Minister approves the rule, does not reject the rule or return it to the Commission for further consideration, it will come into force on February 3, 2003.

Purpose

The rule requires that certain registration information be submitted to regulators electronically through the National Registration Database (NRD) and that fees paid in respect of registration are paid through NRD.

Background

On December 14, 2001, the Commission published for comment drafts of the rule and companion policy. On June 14, 2002, the Commission republished for comment amended drafts of the rule and companion policy, together with a summary of the comments received during the first comment period and our responses. During the second comment period we received 5 submissions. A summary of these comments, together with our responses, is contained in Appendix "A" to the Notice and Commission Approval of Rule under the *Securities Act* Multilateral Instrument 31-102.

For additional background information on the rule and companion policy as well as a detailed summary of the contents of the drafts of previously published materials, please refer to the notices that were published with those drafts.

Summary of Changes

This section describes the changes made to the rule and companion policy since the June 2002 drafts were published for comment.

Paragraph 3.1(1)(b) has been added to the rule to ensure that multiple records are not created for non-registered individuals or business locations.

The part of the June 2002 draft rule that mandated the process of enrolling to use NRD has been removed. The reason for this is that enrolment is an administrative process that does not need to be mandated in the rule. For the same reason, the enrolment forms have been removed from the rule. The enrolment process will be set out in the NRD filer manual.

Sections 7.5, 7.6, and 7.8 have been amended to provide that a firm no longer has an obligation to submit a Form 33-506F4 for an individual under those sections if another firm has submitted that form for the individual. The amended sections provide that if a firm is relieved of the obligation of submitting a complete Form 33-506F4 for an individual, it must still ensure that the individual's employment location is still properly recorded on NRD.

Subsection 7.9(2) of the rule has been added to clarify that a Form 33-506F4 submitted under subsection 7.9(1) must show the individual's registration categories as they were at the time the individual applied to change his or her categories in paper format.

The companion policy has been amended to clarify that if a person or company is required to make a submission under both this rule and MI 31-102 with respect to the same information, the Commission is of the view that a single filing on the required form satisfies both legal requirements.

Part 8 has been amended to clarify that transition firms are required to start enrolling to use NRD on February 3, 2003. The remaining obligations in the rule are scheduled to come into force on March 31, 2003, the date on which NRD will launch.

Questions

Please refer your questions to:

Dirk de Lint
Legal Counsel
Ontario Securities Commission
(416) 593-8090
ddelint@osc.gov.on.ca

The text of the rule and companion policy follow.

DATED: November 15, 2002

5.1.4 Ontario Securities Commission Rule 31-509, National Registration Database

ONTARIO SECURITIES COMMISSION RULE 31-509

NATIONAL REGISTRATION DATABASE

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PART 8 EFFECTIVE DATE

- 8.1 Effective Date

**ONTARIO SECURITIES COMMISSION RULE 31-509
NATIONAL REGISTRATION DATABASE**

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions - In this Rule

“authorized firm representative” or “AFR” means, for a firm filer, an individual with his or her own NRD user ID and who is authorized by the firm filer to submit information in NRD format for that firm filer and individual filers with respect to whom the firm filer is the sponsoring firm;

“chief AFR” means, for a firm filer, an individual who is an AFR and has accepted an appointment as a chief AFR by the firm filer;

“firm filer” means a person or company that is required under Ontario commodity futures law to make an NRD submission in accordance with this Rule and that is registered as, or has applied for registration as, a dealer or adviser;

“individual filer” means an individual that is required under Ontario commodity futures law to make an NRD submission in accordance with this Rule;

“National Registration Database” or “NRD” means the online electronic database of registration information regarding NRD filers and includes the computer system providing for the transmission, receipt, review and dissemination of that registration information by electronic means;

“NRD account” means an account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD by electronic pre-authorized debit;

“NRD administrator” means CDS INC. or a successor appointed by the securities regulatory authority to operate NRD;

“NRD filer” means an individual filer or a firm filer;

“NRD format” means the electronic format for submitting information through the NRD website;

“NRD number” means the unique number first generated by NRD to identify an NRD filer, a non-registered individual, or a business location;

“NRD submission” means information that is submitted under Ontario commodity futures law in NRD format, or the act of submitting information under Ontario commodity futures law in NRD format, as the context requires;

“NRD website” means the website operated by the NRD administrator for the NRD submissions;

“Rule 33-506” means “Rule 33-506 (*Commodity Futures Act*) Registration Information”;

1.2 Interpretation - Terms defined in Rule 33-506 and used in this Rule have the respective meanings ascribed to those terms in Rule 33-506.

PART 2 INFORMATION TO BE SUBMITTED IN NRD FORMAT

2.1 Registration Information - A person or company that is required to submit any of the following to the Commission or the Director must make the submission in NRD format:

1. Form 33-506F1;
2. Form 33-506F2;
3. Form 33-506F3;
4. Form 33-506F4 or a change to any information previously submitted in respect of Form 33-506F4.

PART 3 MAKING NRD SUBMISSIONS

3.1 NRD Submissions

- (1) An NRD filer that is required under Ontario commodity futures law to submit information in NRD format must make that NRD submission
 - (a) through the website,
 - (b) using the NRD number of the NRD filer, non-registered individual, or business location, and
 - (c) in accordance with this Rule.
- (2) A requirement in Ontario commodity futures law relating to the format in which a document or other information to be submitted must be printed, or specifying the number of copies of a document that must be submitted, does not apply to an NRD submission required to be made in accordance with this Rule.
- (3) An NRD filer making an NRD submission must make the NRD submission through an AFR.

3.2 Ongoing Firm Filer Requirements – A firm filer must

- (a) be enrolled with the NRD administrator to use NRD;
- (b) have one and no more than one chief AFR enrolled with the NRD administrator;
- (c) maintain one and no more than one NRD account;
- (d) notify the NRD administrator of the appointment of a chief AFR within 5 business days of the appointment;
- (e) notify the NRD administrator of any change in the name of the firm's chief AFR within 5 business days of the change; and
- (f) submit any change in the name of an AFR, other than the firm's chief AFR, in NRD format within 5 business days of the change.

PART 4 PAYMENT OF FEES THROUGH NRD

4.1 Payment of Submission Fees

- (1) If a fee is required with respect to an NRD submission, a firm filer must pay the required fee by electronic pre-authorized debit through NRD.
- (2) A payment under subsection (1) must be made from the firm filer's NRD account.

4.2 Payment of Annual Registration Fees

- (1) If a firm filer is required to pay an annual registration fee, the firm filer must pay the required fee by electronic pre-authorized debit through NRD.
- (2) A payment under subsection (1) must be made from the firm filer's NRD account.

4.3 Payment of NRD User Fees - Annual

- (1) If a firm filer is required to pay an annual NRD user fee, the firm filer must pay the required fee by electronic pre-authorized debit through NRD.
- (2) A payment under subsection (1) must be made from the firm filer's NRD account.

PART 5 TEMPORARY HARDSHIP EXEMPTION

5.1 Temporary Hardship Exemption

- (1) If unanticipated technical difficulties prevent an NRD filer from making a submission in NRD format within the time required under Ontario commodity futures law, the NRD filer is exempt from the requirement to make the submission within the required time period, if the NRD filer makes the submission in paper format or NRD format no later than 5 business days after the day on which the information was required to be submitted.
- (2) Form 33-506F5 is the paper format for submitting a notice of a change to Form 33-506F4 information.
- (3) If unanticipated technical difficulties prevent an individual filer from submitting an application in NRD format, the individual filer may submit the application in paper format.
- (4) If an NRD filer makes a paper format submission under this section, the NRD filer must include the following legend in capital letters at the top of the first page of the submission:

IN ACCORDANCE WITH SECTION 5.1 OF ONTARIO SECURITIES COMMISSION RULE 31-509 NATIONAL REGISTRATION DATABASE (NRD), THIS [SPECIFY DOCUMENT] IS BEING SUBMITTED IN PAPER FORMAT UNDER A TEMPORARY HARDSHIP EXEMPTION.
- (5) If an NRD filer makes a paper format submission under this section, the NRD filer must resubmit the information in NRD format as soon as practicable and in any event within 10 business days after the unanticipated technical difficulties have been resolved.

PART 6 EXEMPTION

- 6.1 Exemption** - The Director may grant an exemption from this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 7 TRANSITION

7.1 Definitions - In this Part

“NRD access date” means, for an NRD firm filer, the date the NRD firm filer receives notice that it has access to NRD to make NRD submissions; and

“transition firm” means every dealer and adviser that

- (a) is a registered firm on February 3, 2003, or
- (b) is not a registered firm on February 3, 2003 and has applied for registration before March 31, 2003.

7.2 NRD Enrolment For Transition Firms - A transition firm must enroll to use NRD by the later of

- (a) February 7, 2003, and
- (b) the date that the firm has applied for registration.

7.3 NRD Submissions before NRD Access Date - Despite any requirement in this Rule to submit information in NRD format, a transition firm may submit information in paper format before the NRD access date.

7.4 Accuracy of Business Location Information - If the information recorded on NRD for a business location of a transition firm is missing or inaccurate on the NRD access date, the transition firm must submit a completed Form 33-506F3 in NRD format in respect of that business location within 30 business days of the NRD access date.

7.5 Individuals Included in the Data Transfer

- (1) Except as provided in subsection (2), in respect of individuals who were recorded on NRD as registered or non-registered individuals of a transition firm on the NRD access date, the transition firm must submit completed Forms 33-506F4 in NRD format for
 - (a) 5 percent of those individuals by the end of April 2004,

- (b) 10 percent of those individuals by the end of May 2004,
 - (c) 15 percent of those individuals by the end of June 2004,
 - (d) 20 percent of those individuals by the end of July 2004,
 - (e) 25 percent of those individuals by the end of August 2004,
 - (f) 30 percent of those individuals by the end of September 2004,
 - (g) 35 percent of those individuals by the end of October 2004,
 - (h) 40 percent of those individuals by the end of November 2004,
 - (i) 45 percent of those individuals by the end of December 2004,
 - (j) 50 percent of those individuals by the end of March 2005,
 - (k) 55 percent of those individuals by the end of April 2005,
 - (l) 60 percent of those individuals by the end of May 2005,
 - (m) 65 percent of those individuals by the end of June 2005,
 - (n) 70 percent of those individuals by the end of July 2005,
 - (o) 75 percent of those individuals by the end of August 2005,
 - (p) 80 percent of those individuals by the end of September 2005,
 - (q) 85 percent of those individuals by the end of October 2005,
 - (r) 90 percent of those individuals by the end of November 2005,
 - (s) 95 percent of those individuals by the end of December 2005, and
 - (t) all of those individuals by the end of March 2006.
- (2) Despite subsection (1), a transition firm is not required to submit a completed Form 33-506F4 in respect of an individual if another firm has submitted a completed Form 33-506F4 in respect of the individual.
- (3) A transition firm that is exempt under subsection (2) from the requirement to submit a completed Form 33-506F4 in respect of an individual must submit the individual's employment location information in NRD format by the end of March 2006.

7.6 Individuals not Included in the Data Transfer

- (1) Except as provided in subsection (2), a transition firm must submit a completed Form 33-506F4 in NRD format within 30 business days of the NRD access date for each individual who was not recorded on NRD on the NRD access date as a registered or non-registered individual of the firm and for whom the transition firm was the sponsoring firm on the NRD access date.
- (2) Despite subsection (1), a transition firm is not required to submit a completed Form 33-506F4 in respect of an individual if another firm has submitted a completed Form 33-506F4 in respect of the individual.
- (3) A transition firm that is exempt under subsection (2) from the requirement to submit a completed Form 33-506F4 in respect of an individual must submit the individual's employment location information in NRD format within 30 business days of the NRD access date.

7.7 Changes to Form 7 Information - Registered Individuals - A registered individual who has submitted a completed Form 33-506F5 under section 8.5 of Rule 33-506, must submit a completed Form 33-506F4 in NRD format by the later of 15 business days after

- (a) the NRD access date of the individual's sponsoring firm, and
- (b) the date that the individual submitted the Form 33-506F5.

7.8 Changes to Form 7 Information - Non-registered Individuals

- (1) Except as provided in subsection (2), a transition firm that has submitted a completed Form 33-506F5 for a non-registered individual under section 8.7 of Rule 33-506, must submit a completed Form 33-506F4 for the individual in NRD format by the later of 15 business days after
 - (a) the NRD access date, and
 - (b) the date that the firm submitted the Form 33-506F5.
- (2) Despite subsection (1), a transition firm is not required to submit a completed Form 33-506F4 in respect of an individual if another firm has submitted a completed Form 33-506F4 in respect of the individual.
- (3) A transition firm that is exempt under subsection (2) from the requirement to submit a completed Form 33-506F4 in respect of an individual must submit the individual's employment location information in NRD format by the later of 15 business days after
 - (a) the NRD access date, and
 - (b) the date that the firm submitted the Form 33-506F5.

7.9 Pending Application to Change Individual's Registration Category

- (1) If an individual submitted an application in paper format to change his or her category of registration and the category of registration applied for is not recorded with the individual's record on NRD on the NRD access date, the individual must
 - (a) submit a completed Form 33-506F4 in NRD format within 30 business days after the NRD access date of his or her sponsoring firm, and
 - (b) resubmit the application to change his or her category of registration by submitting a completed Form 33-506F2 in NRD format within 1 business day of submitting the Form 33-506F4 under paragraph (a).
- (2) Despite section 7.10, a Form 33-506F4 submitted under subsection (1) must contain the individual's categories of registration as they were recorded on NRD on the NRD access date.

7.10 Currency of Form 33-506F4 - For greater certainty, except as provided under subsection 7.9(2), a completed Form 33-506F4 that is submitted under this Part must be current on the date that it is submitted despite any prior submission in paper format.

7.11 Termination of Relationship - Despite a requirement under this Part to submit a completed Form 33-506F4, a transition firm is not required to submit a Form 33-506F4 in respect of an individual if the firm has submitted a completed Form 33-506F1 in respect of the individual in paper format before the firm's NRD access date or in NRD format after the firm's NRD access date.

PART 8 EFFECTIVE DATE

8.1 Effective Date

- (1) Part 1, section 7.1 and section 7.2 come into force on February 3, 2003.
- (2) Except for Part 1, section 7.1 and section 7.2, this Rule comes into force on March 31, 2003.

**COMPANION POLICY 31-509CP
TO ONTARIO SECURITIES COMMISSION RULE 31-509 (Commodity Futures Act)
NATIONAL REGISTRATION DATABASE**

PART 1 PURPOSE

- 1.1 **Purpose** - The purpose of Ontario Securities Commission Rule 31-509 (*Commodity Futures Act*) ("Rule 31-509") is to establish requirements for the electronic submission of registration information through NRD.

PART 2 PRODUCTION OF NRD FILINGS

- 2.1 The *Commodity Futures Act* contains a requirement to produce or make available an original or certified copy of information filed under the Act. The Commission considers that it may satisfy such a requirement in the case of information filed in NRD format by providing a printed copy or other output of the information in readable form that contains or is accompanied by a certification by the Director that the printed copy or output is a copy of the information filed in NRD format.

PART 3 DATE OF FILING

- 3.1 The Commission takes the view that information filed in NRD format is, for purposes of Ontario commodity futures law, filed on the day that the transmission of the information to NRD is completed.

PART 4 OFFICIAL COPY OF NRD FILINGS

- 4.1 For purposes of Ontario commodity futures law, the Commission takes the view that the official record of any information filed in NRD format by an NRD filer is the electronic information stored in NRD.

PART 5 AUTHORIZED FIRM REPRESENTATIVE AS AGENT

- 5.1 The Commission is of the view that when making an NRD submission an AFR is an agent of the firm or individual to whom the filing relates.

PART 6 ONGOING FIRM FILER REQUIREMENTS

- 6.1 The Commission expects that firm filers will follow the processes set out in the NRD Filer Manual to (a) enroll with the NRD administrator, (b) keep their enrolment information current, and (c) keep their NRD account information current.

PART 7 SECURITIES ACT SUBMISSIONS

- 7.1 If a person or company is required to make a submission under both Multilateral Instrument 31-102 and Rule 31-509 with respect to the same information, the Commission is of the view that a single filing on a form required under either rule satisfies both requirements.

**5.1.5 Notice and Commission Approval of Rule Under the Securities Act - MI 33-109 and Companion Policy 33-109CP
- Registration Information**

**NOTICE AND COMMISSION APPROVAL OF RULE
UNDER THE SECURITIES ACT
MULTILATERAL INSTRUMENT 33-109 AND COMPANION POLICY 33-109CP
REGISTRATION INFORMATION**

Introduction

The Commission has, under section 143 of the *Securities Act* (the "Act"), made Multilateral Instrument 33-109.

The instrument and the material required by the Act to be delivered to the Minister of Finance were delivered on November 15, 2002. If the Minister approves the instrument, does not reject the instrument or return it to the Commission for further consideration, it will come into force on February 21, 2003.

As a result of the Commission making this instrument, proposed OSC Rule 33-503 – Change of Registration Information is withdrawn.

Purpose

The purpose of the instrument is to consolidate and harmonize requirements regarding the initial submission of registration information and the updating of that information.

Background

On December 14, 2001, the Canadian Securities Administrators published for comment drafts of the instrument and companion policy. On June 14, 2002, the CSA republished for comment amended drafts of the instrument and companion policy, together with a summary of the comments received during the first comment period and our responses. During the second comment period we received 5 submissions. A summary of these comments, together with our responses, is contained in Appendix "A" to this notice.

For additional background information on the instrument and companion policy as well as a detailed summary of the contents of the drafts of previously published materials, please refer to the notices that were published with those drafts.

Summary of Changes

Section 2.3 has been added to the instrument to clarify that an applicant for registration that is already registered under the *Commodity Futures Act* has more limited filing requirements.

Subsection 5.1(4) has been added to provide that if one registered firm has provided a notice in respect of a non-registered individual, other firms that also sponsor the non-registered individuals are not required to provide the notice.

The instrument is scheduled to come into force on February 21, 2003. The June 2002 draft proposed an effective date of November 20, 2002.

The June 2002 draft of companion policy has been amended to clarify that in Ontario the Commission is of the view that a filer will have met a requirement to make a submission under the instrument if the filer has made the identical submission under OSC Rule 33-506 (*Commodity Futures Act*).

Questions

Please refer your questions to any of:

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The text of the instrument and companion policy follow.

DATED: November 15, 2002

Appendix "A"
Comment Table
Multilateral Instrument 33-109 Registration Information

Commentators

Edward Jones
 Royal Bank of Canada
 Scotia Bank Management Group
 TD Bank Financial Group
 Friedberg Mercantile Group

	Category	Comment	Response
1.	33-109 Change of Information	Individuals should not have to report "non-material" changes to registration information within 5 business days of the change. Non-material changes include changes to an individual's personal description (for example, change of weight) and such address changes where a province or municipality has changed its name.	Whether information is material depends on the circumstances. Therefore, registrants are required to notify staff of all changes to registration information within the same time frame because it is impossible to list all of the circumstances when such changes are material or immaterial. Note, however, that under subsection 4.1(2) individuals are required to any changes to their personal description within 1 year of the change rather than within 5 business days of the change.
2.	33-109 Due Diligence	How can a branch manager review a Form 33-109F4 after the form is completed by an applicant but before it is sent to an AFR?	A firm may implement a variety of in-house procedures to address this matter. One possibility is to appoint the branch manager as the AFR to whom the applicant submits the application. After the branch manager has reviewed the application, the branch manager or another AFR can then submit it through NRD. An alternative may be to restrict a firm's AFRs from making an NRD submission until the submission is first approved by the branch manager.
3.	33-109 Due Diligence	How can a firm make reasonable efforts to determine whether an individual understands Form 33-109F4? The regulators should provide guidance as to what would constitute "reasonable efforts" to ensure that information submitted is true and complete.	It is an offence for an individual to submit an application that is inaccurate. Having firms take reasonable efforts to determine whether an individual understands Form 33-109F4 provides staff with the comfort that the individual and his or her firm have turned their minds to ensuring that the information in the application is accurate. In general, reasonable due diligence procedures are based on industry standards and practices that develop and change as the industry continues to evolve. CSA staff are reluctant to provide a checklist of fixed practices that will become dated as more reasonable procedures are developed as a result of this continuing evolution. For these reasons it is best that industry be permitted to continually develop the due diligence procedures necessary to fulfil their obligations. Similar circumstances exist in connection with a registrant's due diligence obligations when signing a prospectus certificate.

	Category	Comment	Response
4.	Form 33-109F5 <i>Change of Registration Information</i>	If an individual is reporting a change to his or her registration information is that individual required to submit a Form 33-109F5 in paper format followed by a Form 33-109F4 in NRD format? Since the Form 33-109F4 will contain the change, why not just require the submission of the Form 33-109F4 alone?	A Form 33-109F5 is required to be filed because it enables staff to easily identify the new information that is being submitted in the Form 33-109F4. Without it, staff would have to compare a previously submitted paper Form 4 with the newly filed electronic Form 33-109F4 in order to identify which information has changed. The use of the Form 33-109F5 helps streamline the review process to make it more effective and efficient.
5.	Form 33-109F1 Notice of Termination	It is not necessary to ask for an individual's categories of registration on Form 33-109F1.	CSA staff have removed this question from Form 33-109F1.
6.	Form 33-109F3 Change of Business Location	Only the NRD number of a branch should be necessary when a firm provides notice of a branch closing through NRD.	On NRD, once a location's NRD number is entered the remaining address information appears automatically so that an applicant can confirm that he or she is entering the right branch.
7.	Form 33-109F4 Registration Information for an Individual	Phrases like "and any other information that you think is relevant" should be removed from question 1(d) of Schedule I. If an applicant could provide further information under this question that would accelerate the review of his application then the form should specifically request that information. If the form does not specifically request that information then failure to provide that information should not affect the speed of the approval process.	From experience CSA staff know that in some circumstances an applicant's answers to the questions on a schedule will prompt the regulator to ask for further information. The specifics of the request will depend on the information provided by the applicant. Under securities legislation, regulators are entitled to request such information whether or not the schedule contains the phrase that the commentator has suggested be removed (see, for example, section 31 of the Securities Act (Ontario)). CSA staff are of the view that the phrase does not create an obligation on applicants but merely invites them to provide further information, which might obviate the need for a regulator to request that information.
8.	Form 33-109F4 Proficiency	The phrase "if applicable" should be added after the word "below" in Item 8.2.	On NRD, individuals who indicate that they are not required to provide proficiency information will navigate past Item 8.2. Individuals who are required to provide proficiency information will come to this item. CSA staff are of the view that it is not necessary to tell applicants that they are not required to provide a student number for an organization with which they do not have one.
9.	Form 33-109F4 Location of Employment	Why does Item 9 require an applicant to submit the business address of his or her location in addition to the location's NRD number?	On NRD, once a location's NRD number is entered the remaining address information appears automatically so that an applicant can confirm that he or she is entering the right branch.
10.	Form 33-109F4 Resignations and Terminations	Item 12(a) should be amended to specify that "industry standards of conduct" only refers to standards to which the individual was subject at the time of resignation or termination.	CSA staff are of the view that the current draft of the question is reasonable, and that the commentator's suggestion would only add unnecessary complexity.
11.	Form 33-109F4 Criminal Disclosure	Item 14(a) should be revised to require only criminal charges be disclosed "of which the individual has knowledge".	CSA staff are of the view that a strict liability standard is preferable. Note the due diligence defence explicitly available under securities

	Category	Comment	Response
			legislation (see, for example, subsection 122(2) of the Securities Act (Ontario)).
12.	Form 33-109F4 Certification	<p>The "Certification of Firm" should be amended to read:</p> <p>The applicant was provided with an opportunity to discuss the questions in this application with an officer or branch manager of this firm. The undersigned authorized officer or partner further certifies on behalf of the sponsoring firm that the applicant will be engaged by the sponsoring firm as registered or approved.</p>	CSA staff are of the view that firms should take a more active role in the review of an individual's Form 33-109F4 than merely providing individuals with an opportunity to discuss their forms.
13.	33-109 Certification	How will certification occur on NRD if NRD does not accept signatures?	<p>Each form that can be filed through NRD contains two certification sections. One to be completed if the form is filed through NRD and the other to be completed if it is filed in paper. If the form is filed electronically only the AFR will make a certification. (Please refer to the forms for the language of this certification. Note that it does not require AFRs to certify that the contents of an individual's application are true.)</p> <p>The CSA is of the view that a certification by an individual applicant is not necessary. An applicant is submitting his application to the regulator through an agent (the AFR). Whether or not an applicant submits the application through an agent and whether or not he or she certifies the application, the applicant is still subject to the offence provisions of securities legislation (see, for example, subsection 122(1) of the Securities Act (Ontario)).</p> <p>The CSA is of the view that the certification of an authorized officer of a firm is not necessary with an electronic submission given the sponsoring firm obligations under section 6.1 of Multilateral Instrument 33-109.</p>
14.	33-109 Certification	When a form is submitted in paper format, the filer is required to make the following certification: "I also certify that all statements of fact made in the answers to the questions are true". This certification should be qualified by adding "to the best of my knowledge and belief after making reasonable inquiries".	This change is not necessary given the due diligence defence explicitly available under securities legislation (see, for example, subsection 122(2) of the Securities Act (Ontario)).
15.	33-109 Branch/Sub-branch	"Workable" definitions of branch and sub-branch should be provided.	The hallmark of a sub-branch is that the supervisor does not normally work out of that location. The Investment Dealers Association will not permit a sub-branch to have more than four registered representatives.

5.1.6 Multilateral Instrument 33-109, Registration Information

MULTILATERAL INSTRUMENT 33-109

REGISTRATION INFORMATION

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**MULTILATERAL INSTRUMENT 33-109
REGISTRATION INFORMATION**

PART 1 DEFINITIONS

1.1 Definitions - In this Instrument

“Form 3” means the required form for an application for registration as dealer, adviser, or underwriter in the local jurisdiction;

“Form 4” means the form that was required for an application for registration for an individual in the local jurisdiction before February 21, 2003.

“non-registered individual” means, for a registered firm or for a person or company that is applying for registration, an individual who is not registered to trade or advise on behalf of the firm and who

- (a) is a director, partner, officer, or branch manager of the firm, or
- (b) in Alberta, British Columbia, and Ontario,
 - (i) is a director, partner, officer, or branch manager of the firm, or
 - (ii) beneficially owns, directly or indirectly, or exercises control or direction over, 10 percent or more of the voting securities of the firm;

“MI 31-102” means Multilateral Instrument 31-102 National Registration Database;

“NRD submission number” means the unique number generated by NRD to identify each NRD submission;

“registered firm” means a person or company that is registered as a dealer, adviser, or underwriter;

“registered individual” means, for a registered firm, an individual who is registered to trade or advise on behalf of the registered firm;

“sponsoring firm” means,

- (a) for a registered individual, the registered firm on whose behalf the individual trades or advises,
- (b) for an individual applying for registration, the registered firm, or the person or company applying to become a registered firm, on whose behalf the individual proposes to trade or advise,
- (c) for a non-registered individual of a registered firm, the registered firm, or
- (d) for a non-registered individual of a person or company that is applying for registration, the person or company that is applying for registration.

1.2 Interpretation - Terms defined in MI 31-102 and used in this Instrument have the respective meanings ascribed to those terms in MI 31-102.

PART 2 APPLICATION FOR REGISTRATION

2.1 Dealer, Adviser and Underwriter Registration - Except as provided in subsection 2.3(1), an applicant for registration as a dealer, adviser, or underwriter must submit to the regulator,

- (a) in paper format, a completed Form 3;
- (b) in accordance with MI 31-102, a completed Form 33-109F3 for each business location of the applicant, other than the applicant’s head office; and
- (c) in accordance with MI 31-102, a completed Form 33-109F4 for each non-registered individual of the applicant who has not applied to become a registered individual with the applicant under subsection 2.2(1).

2.2 Individual Registration

- (1) Except as provided in subsection (2) and subsection 2.3(2), an individual who applies for registration under securities legislation must make the application by submitting to the regulator in accordance with MI 31-102 a completed Form 33-109F4.
- (2) Despite subsection (1), a non-registered individual of a registered firm who applies to become a registered individual with the firm must make the application by submitting to the regulator in accordance with MI 31-102 a completed Form 33-109F2.

2.3 Commodity Futures Act Registrants

- (1) In Manitoba and Ontario, if an applicant for registration under section 2.1 is registered under the *Commodity Futures Act*, the applicant
 - (a) is not required to submit a completed Form 33-109F3 under subsection 2.1(b) for any business location of the applicant that is recorded on NRD; and
 - (b) is not required to submit a completed Form 33-109F4 under subsection 2.1(c) for a non-registered individual if the applicant submits to the regulator, in accordance with MI 31-102, a completed Form 33-109F2 for the individual.
- (2) In Manitoba and Ontario, despite subsection 2.2(1), if an individual applies for registration under securities legislation and is recorded on NRD with his or her sponsoring firm as registered under the *Commodity Futures Act*, the individual must make the application by submitting to the regulator, in accordance with MI 31-102, a completed Form 33-109F2.

PART 3 CHANGES TO REGISTERED FIRM INFORMATION

3.1 Changes to Form 3 Information

- (1) A registered firm must notify the regulator of a change to any information previously submitted in Form 3, or under this subsection, within 5 business days of the change.
- (2) Except as provided in subsection (3), for the purposes of subsection (1), a notice of change must be made by submitting a completed Form 33-109F5 in paper format.
- (3) Despite subsection (2), a notice of change under this section is not required to be in Form 33-109F5 if the change relates to
 - (a) the addition of an officer, partner, or director to the registered firm, and if a completed Form 33-109F4 in respect of the officer, partner, or director is submitted under section 2.2 or 3.3;
 - (b) the resignation or termination of an officer, partner or director of the registered firm, and if a completed Form 33-109F1 is submitted under section 4.3 or 5.2; or
 - (c) a business location other than head office, and if a completed Form 33-109F3 is submitted under section 3.2.

3.2 Changes to Business Locations

- (1) A registered firm must notify the regulator of the opening of a business location, other than a new head office, by submitting in accordance with MI 31-102 a completed Form 33-109F3 within 5 business days of the opening.
- (2) A registered firm must notify the regulator of a change to any information previously submitted in Form 33-109F3 by submitting in accordance with MI 31-102 a completed Form 33-109F3 within 5 business days of the change.

- 3.3 Addition of Non-registered Individuals** - A registered firm must submit to the regulator in accordance with MI 31-102 a completed Form 33-109F4 for a non-registered individual within 5 business days of the individual becoming a non-registered individual of the registered firm.

PART 4 CHANGES TO REGISTERED INDIVIDUAL INFORMATION

4.1 Changes to Form 33-109F4 Information

- (1) Except as provided in subsection (2), a registered individual must notify the regulator in accordance with MI 31-102 of a change to any information previously submitted in Form 33-109F4, or under this subsection, within 5 business days of the change.
- (2) Despite subsection (1), a registered individual must notify the regulator in accordance with MI 31-102 of a change to information previously submitted in Item 3 or Item 8 of Form 33-109F4, or under this subsection, within 1 year of the change.

4.2 Application to Change or Surrender Individual Registration Categories - A registered individual of a registered firm who applies to change or surrender his or her registration category with the firm must make the application by submitting to the regulator in accordance with MI 31-102 a completed Form 33-109F2.

4.3 Termination of Relationship - A registered firm must, within 5 business days of a termination of an employment, partner, or agency relationship with a registered individual, notify the regulator of the termination of the relationship by submitting in accordance with MI 31-102 a completed Form 33-109F1.

PART 5 CHANGES TO NON-REGISTERED INDIVIDUAL INFORMATION

5.1 Changes to Form 33-109F4 Information

- (1) Except as provided in subsections (2), (3), and (4), a registered firm must notify the regulator in accordance with MI 31-102 of a change to any information previously submitted in Form 33-109F4, or under this subsection, for a non-registered individual within 5 business days of the change.
- (2) Despite subsection (1) and except as provided in subsection (4), a registered firm must notify the regulator in accordance with MI 31-102 of a change to information previously submitted in Item 3 of Form 33-109F4, or under this subsection, for a non-registered individual within 1 year of the change.
- (3) Despite subsection (1) and except as provided in subsection (4), a registered firm must notify the regulator of a change to any information regarding a category of non-registered individual listed in Item 6 of Form 33-109F4 for a non-registered individual by submitting in accordance with MI 31-102 a completed Form 33-109F2 within 5 business days of the change.
- (4) Despite subsections (1), (2), and (3), a registered firm is not required to notify the regulator of a change to information if another firm has notified the regulator of the change in accordance with MI 31-102 and within the required time.

5.2 Termination of Relationship - A registered firm must, within 5 business days of an individual ceasing to be a non-registered individual of the registered firm, notify the regulator in accordance with MI 31-102 of the termination of the relationship by submitting a completed Form 33-109F1.

PART 6 DUE DILIGENCE AND RECORD-KEEPING

6.1 Sponsoring Firm Obligations

- (1) A sponsoring firm must make reasonable efforts to ensure that information submitted by
 - (a) the firm for a non-registered individual; or
 - (b) a registered individual, or an individual applying for registration, for whom the firm is the sponsoring firm,is true and complete.
- (2) A sponsoring firm must retain all documents used by the firm to satisfy its obligation under subsection (1),
 - (a) in the case of a non-registered individual, for a period of 7 years after the individual ceases to be a non-registered individual; or

- (4) A sponsoring firm that retains a document under subsection (2) or (3) in respect of an NRD submission must record the NRD submission number on the document.

PART 7 EXEMPTION

- 7.1 Exemption** - The Director may grant an exemption from this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 8 TRANSITION TO NRD

8.1 Definitions - In this Part

“NRD access date” means, for an NRD firm filer, the date the NRD firm filer receives notice that it has access to NRD to make NRD submissions; and

“NRD freeze period” means the period that begins on the day specified in a notice of the securities regulatory authority and ends on the day that is 5 business days after the NRD access date.

8.2 Changes to Form 5 Information - A notice of change under section 3.1 is not required during the NRD freeze period if the change relates to

- (a) the addition of an officer, partner, or director to the registered firm, and if a completed Form 33-506F4 in respect of the officer, partner, or director is submitted in accordance with Rule 31-509 within 30 business days of the NRD access date;
- (b) the resignation or termination of an officer, partner or director of the registered firm, and if a completed Form 33-506F1 is submitted in accordance with Rule 31-509 within 30 business days of the NRD access date; or
- (c) a business location other than head office, and if a completed Form 33-506F3 is submitted in accordance with Rule 31-509 within 30 business days of the NRD access date.

8.3 Changes to Business Location - A registered firm is exempt from the requirement to make a submission under section 3.2 during the NRD freeze period, if the firm makes the submission in accordance with Rule 31-509 within 30 business days of the NRD access date.

8.4 Addition of Non-registered Individuals - A registered firm is exempt from the requirement to make a submission under section 3.3 during the NRD freeze period, if the firm makes the submission in accordance with Rule 31-509 within 30 business days of the NRD access date.

8.5 Changes to Form 7 Information - Registered Individuals

- (1) This section applies to a registered individual who has not submitted in accordance with Rule 31-509 a completed Form 33-506F4.
- (2) A registered individual must notify the Director of a change to any information previously submitted in Form 4, or under this subsection, by submitting a completed Form 33-506F5 in paper format within 5 business days of the change.
- (3) A registered individual who has submitted a completed Form 33-506F5 under subsection (2), must submit in accordance with section 7.7 of Rule 31-509 a completed Form 33-506F4.

8.6 Termination of Relationship - Registered Individuals - A registered firm is exempt from the requirement to make a submission under section 4.3 during the NRD freeze period, if the firm makes the submission in accordance with Rule 31-509 within 30 business days of the NRD access date.

8.7 Changes to Form 7 Information - Non-registered Individuals

- (1) This section applies to a registered firm that has not submitted in accordance with Rule 31-509 a completed Form 33-506F4 for a non-registered individual.

- (2) A registered firm must notify the Director of a change to any information previously submitted in Form 7 for a non-registered individual, or under this subsection, by submitting a completed Form 33-506F5 in paper format within 5 business days of the change.
- (3) A registered firm that has submitted a completed Form 33-506F5 for a non-registered individual under subsection (2), must submit in accordance with section 7.8 of Rule 31-509 a completed Form 33-506F4 for the non-registered individual.

8.8 Termination of Relationship - Non-registered Individuals - A registered firm is exempt from the requirement to make a submission under section 5.2 during the NRD freeze period, if the firm makes the submission in accordance with Rule 31-509 within 30 business days of the NRD access date.

PART 9 EFFECTIVE DATE

9.1 Effective Date - This Rule comes into force on February 21, 2003.

FORM 33-506F1

NOTICE OF TERMINATION

Enter the following information using the online version of this submission at the NRD web site (www.nrd.ca). If the NRD filer is relying on the temporary hardship exemption in Rule 31-509 this form is required to be delivered to the Director in paper format.

1. Individual

Name of individual: _____

NRD number of individual: _____

2. Business location

Address of business location: _____

NRD number of business location: _____

3. Termination

Effective date of termination: _____

Indicate whether the individual:

- was dismissed for cause _____
- was dismissed in good standing _____
- resigned in good standing _____
- is deceased _____

Include details regarding any:

- unresolved client complaints:

- internal discipline matters:

- restrictions for violation of regulatory requirements:

- financial obligations the individual has to clients:

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon Territory, and Nunavut.

Rules and Policies

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number provided in Schedule "A".

WARNING:

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION

The following certification is to be used when submitting this form in NRD format:

- I am making this submission as agent for the NRD filer. By checking this box I certify that all statements of fact in this submission were provided to me by the NRD filer.

The following certification is to be used when submitting this form in paper format:

I, the undersigned, certify that I have read and that I understand the questions in the notice and the Warning set out above. I also certify that all statements of fact made in the answers to the questions are true.

Signature of authorized officer or partner

Date

Firm name

SCHEDULE "A"	
Notice and collection and use of personal information	
Contact Information	
<p>Alberta</p> <p>Alberta Securities Commission, 4th Floor, 300 B 5th Avenue S.W. Calgary, AB T2P 3C4 Attention: Information Officer Telephone: (403) 297-6454</p>	<p>British Columbia</p> <p>British Columbia Securities Commission P.O. Box 10142, Pacific Centre 701 West Georgia Street Vancouver, BC V7Y 1L2 Attention: Freedom of Information Officer Telephone: (604) 899-6500 or (800) 373-6393 (in BC)</p>
<p>Manitoba</p> <p>The Manitoba Securities Commission 1130-405 Broadway Winnipeg, MB R3C 3L6 Attention: Director - Legal Telephone: (204) 945-4508</p>	<p>New Brunswick</p> <p>Securities Administration Branch PO Box 5001 606, 133 Prince William Street Saint John, NB E2L 4Y9 Attention: Deputy Administrator, Capital Markets Telephone: (506) 658-3021</p>
<p>Newfoundland and Labrador</p> <p>Securities Commission of Newfoundland and Labrador P.O. Box 8700, 2nd Floor, West Block Confederation Building St. John's, NF A1B 4J6 Attention: Director of Securities Tel: (709) 729-4189</p>	<p>Nova Scotia</p> <p>Nova Scotia Securities Commission 2nd Floor, Joseph Howe Building 1690 Hollis Street P.O. Box 458 Halifax, NS B3J 3J9 Attention: FOI Officer Telephone: (902) 424-7768</p>
<p>Northwest Territories</p> <p>Government of the Northwest Territories P.O. Box 1320 Yellowknife, NWT X1A 2L9 Attention: Deputy Registrar of Securities Telephone: (867) 920-8984</p>	<p>Nunavut</p> <p>Legal Registries Division Department of Justice Government of Nunavut P.O. Box 1000 Station 570 Iqaluit, NU X0A 0H0 Attention: Deputy Registrar of Securities Telephone: (867) 975-6190</p>
<p>Ontario</p> <p>Ontario Securities Commission Suite 1903, Box 55 20 Queen Street West Toronto, ON M5H 3S8 Attention: FOI Coordinator Telephone: (416) 593-8314</p>	<p>Prince Edward Island</p> <p>Securities Registry Office of the Attorney General B Consumer, Corporate and Insurance Services Division P.O. Box 2000 Charlottetown, PE C1A 7N8 Attention: Deputy Registrar of Securities Telephone: (902) 368-4569</p>
<p>Québec</p> <p>Commission des valeurs mobilières du Québec Stock Exchange Tower P.O. Box 246, 22nd Floor 800 Victoria Square Montréal, PQ H4Z 1G3 Attention: Responsable de l'accès à l'information Telephone: (514) 940-2150 or (800) 361-5072 (in Québec)</p>	<p>Saskatchewan</p> <p>Saskatchewan Securities Commission 800 B1920 Broad Street Regina, SK S4P 3V7 Attention: Director Telephone: (306) 787-5842</p>
<p>Yukon</p> <p>Department of Community Services Yukon P.O. Box 2703 Whitehorse, YU Y1A 2C6 Attention: Registrar of Securities Telephone: (867) 667-5225</p>	

FORM 33-506F2

CHANGE OR SURRENDER OF INDIVIDUAL CATEGORIES

Enter the following information using the online version of this submission at the NRD web site (www.nrd.ca). If the NRD filer is relying on the temporary hardship exemption in Rule 31-509 this form is required to be delivered to the Director in paper format.

1. Individual

Name of individual: _____

NRD number of individual: _____

2. Individual categories

Indicate the individual categories that the individual is adding or removing:

3. Details of surrender

If the individual is surrendering his or her registration include details regarding any:

- unresolved client complaints:

- internal discipline matters:

- restrictions for violation of regulatory requirements that occurred at any time during the individual's employment with the firm:

- financial obligations the individual has to clients:

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon Territory, and Nunavut.

By submitting this information you consent to the collection by the securities regulatory authority of the personal information provided above, police records, records from other government or non-governmental regulatory authorities or self-regulatory organizations, credit records and employment records about you as may be necessary for the securities regulatory authority to complete its review of the information submitted above including your continued fitness for registration, if applicable, in accordance with the legal authority of the securities regulatory authority for the duration of the period which you remain registered or approved by the securities regulatory authority. The sources the securities regulatory authority may contact include government and private bodies or agencies, individuals, corporations and other organizations.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number provided in Schedule "A".

WARNING:

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION:

The following certification is to be used when submitting this form in NRD format:

- I am making this submission as agent for the individual to whom this submission relates. By checking this box I certify that all statements of fact in this submission were provided to me by the individual.

Both of the following certifications are to be used when submitting this form in paper format:

I, the undersigned, certify that I have read and that I understand the questions in this form and the Warning set out above. I also certify that all statements of fact provided in this application are true.

Signature of applicant or non-registered individual

Date

I, the undersigned, certify on behalf of the sponsoring firm that the individual will be engaged by the sponsoring firm as a registered individual or a non-registered individual. I certify that I have, or a branch manager or another officer or partner has, discussed the questions set out in this form and I am satisfied that the individual fully understands the questions.

Signature of authorized officer or partner

Date

Firm name

SCHEDULE "A"	
Notice and collection and use of personal information	
Contact Information	
<p>Alberta</p> <p>Alberta Securities Commission, 4th Floor, 300 B 5th Avenue S.W. Calgary, AB T2P 3C4 Attention: Information Officer Telephone: (403) 297-6454</p>	<p>British Columbia</p> <p>British Columbia Securities Commission P.O. Box 10142, Pacific Centre 701 West Georgia Street Vancouver, BC V7Y 1L2 Attention: Freedom of Information Officer Telephone: (604) 899-6500 or (800) 373-6393 (in BC)</p>
<p>Manitoba</p> <p>The Manitoba Securities Commission 1130-405 Broadway Winnipeg, MB R3C 3L6 Attention: Director - Legal Telephone: (204) 945-4508</p>	<p>New Brunswick</p> <p>Securities Administration Branch PO Box 5001 606, 133 Prince William Street Saint John, NB E2L 4Y9 Attention: Deputy Administrator, Capital Markets Telephone: (506) 658-3021</p>
<p>Newfoundland and Labrador</p> <p>Securities Commission of Newfoundland and Labrador P.O. Box 8700, 2nd Floor, West Block Confederation Building St. John's, NF A1B 4J6 Attention: Director of Securities Tel: (709) 729-4189</p>	<p>Nova Scotia</p> <p>Nova Scotia Securities Commission 2nd Floor, Joseph Howe Building 1690 Hollis Street P.O. Box 458 Halifax, NS B3J 3J9 Attention: FOI Officer Telephone: (902) 424-7768</p>
<p>Northwest Territories</p> <p>Government of the Northwest Territories P.O. Box 1320 Yellowknife, NWT X1A 2L9 Attention: Deputy Registrar of Securities Telephone: (867) 920-8984</p>	<p>Nunavut</p> <p>Legal Registries Division Department of Justice Government of Nunavut P.O. Box 1000 Station 570 Iqaluit, NU X0A 0H0 Attention: Deputy Registrar of Securities Telephone: (867) 975-6190</p>
<p>Ontario</p> <p>Ontario Securities Commission Suite 1903, Box 55 20 Queen Street West Toronto, ON M5H 3S8 Attention: FOI Coordinator Telephone: (416) 593-8314</p>	<p>Prince Edward Island</p> <p>Securities Registry Office of the Attorney General B Consumer, Corporate and Insurance Services Division P.O. Box 2000 Charlottetown, PE C1A 7N8 Attention: Deputy Registrar of Securities Telephone: (902) 368-4569</p>
<p>Québec</p> <p>Commission des valeurs mobilières du Québec Stock Exchange Tower P.O. Box 246, 22nd Floor 800 Victoria Square Montréal, PQ H4Z 1G3 Attention: Responsable de l'accès à l'information Telephone: (514) 940-2150 or (800) 361-5072 (in Québec)</p>	<p>Saskatchewan</p> <p>Saskatchewan Securities Commission 800 B1920 Broad Street Regina, SK S4P 3V7 Attention: Director Telephone: (306) 787-5842</p>
<p>Yukon</p> <p>Department of Community Services Yukon P.O. Box 2703 Whitehorse, YU Y1A 2C6 Attention: Registrar of Securities Telephone: (867) 667-5225</p>	

FORM 33-506F3

BUSINESS LOCATIONS OTHER THAN HEAD OFFICE

Enter the following information using the online version of this submission at the NRD web site (www.nrd.ca). If the NRD filer is relying on the temporary hardship exemption in Rule 31-509 this form is required to be delivered to the Director in paper format.

Please select one box:

- This form is being submitted to notify the Director of the opening of this business location. Complete the entire form.
- This form is being submitted to notify the Director of the closing of this business location. Complete the entire form.
- This form is being submitted to notify the Director of the change of information previously submitted in respect of this business location. Complete the entire form and describe the information that has changed (for example, "telephone number" or "type of business location"): _____

1. Type of business location

_____ branch
_____ sub-branch

2. Supervisor or branch manager

NRD number of the designated supervisor or branch manager: _____
Name of designated supervisor or branch manager: _____

3. Business location information

Business address: _____
Telephone number: () _____
Facsimile number: () _____
Mailing address (if different from business address): _____

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon Territory, and Nunavut.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number provided in Schedule "A".

WARNING:

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION

The following certification is to be used when submitting this form in NRD format:

Rules and Policies

- I am making this submission as agent for the NRD filer. By checking this box I certify that all statements of fact in this submission were provided to me by the NRD filer.

The following certification is to be used when submitting this form in paper format:

I, the undersigned, certify that I have read and that I understand the questions in this notice and the Warning set out above. I also certify that all statements of fact made in the answers to the questions are true.

Signature of authorized officer or partner

Date

Firm name

SCHEDULE "A"	
Notice and collection and use of personal information	
Contact Information	
<p>Alberta</p> <p>Alberta Securities Commission, 4th Floor, 300 B 5th Avenue S.W. Calgary, AB T2P 3C4 Attention: Information Officer Telephone: (403) 297-6454</p>	<p>British Columbia</p> <p>British Columbia Securities Commission P.O. Box 10142, Pacific Centre 701 West Georgia Street Vancouver, BC V7Y 1L2 Attention: Freedom of Information Officer Telephone: (604) 899-6500 or (800) 373-6393 (in BC)</p>
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<p>Newfoundland and Labrador</p> <p>Securities Commission of Newfoundland and Labrador P.O. Box 8700, 2nd Floor, West Block Confederation Building St. John's, NF A1B 4J6 Attention: Director of Securities Tel: (709) 729-4189</p>	<p>Nova Scotia</p> <p>Nova Scotia Securities Commission 2nd Floor, Joseph Howe Building 1690 Hollis Street P.O. Box 458 Halifax, NS B3J 3J9 Attention: FOI Officer Telephone: (902) 424-7768</p>
<p>Northwest Territories</p> <p>Government of the Northwest Territories P.O. Box 1320 Yellowknife, NWT X1A 2L9 Attention: Deputy Registrar of Securities Telephone: (867) 920-8984</p>	<p>Nunavut</p> <p>Legal Registries Division Department of Justice Government of Nunavut P.O. Box 1000 Station 570 Iqaluit, NU X0A 0H0 Attention: Deputy Registrar of Securities Telephone: (867) 975-6190</p>
<p>Ontario</p> <p>Ontario Securities Commission Suite 1903, Box 55 20 Queen Street West Toronto, ON M5H 3S8 Attention: FOI Coordinator Telephone: (416) 593-8314</p>	<p>Prince Edward Island</p> <p>Securities Registry Office of the Attorney General B Consumer, Corporate and Insurance Services Division P.O. Box 2000 Charlottetown, PE C1A 7N8 Attention: Deputy Registrar of Securities Telephone: (902) 368-4569</p>
<p>Québec</p> <p>Commission des valeurs mobilières du Québec Stock Exchange Tower P.O. Box 246, 22nd Floor 800 Victoria Square Montréal, PQ H4Z 1G3 Attention: Responsable de l'accès à l'information Telephone: (514) 940-2150 or (800) 361-5072 (in Québec)</p>	<p>Saskatchewan</p> <p>Saskatchewan Securities Commission 800 B1920 Broad Street Regina, SK S4P 3V7 Attention: Director Telephone: (306) 787-5842</p>
<p>Yukon</p> <p>Department of Community Services Yukon P.O. Box 2703 Whitehorse, YU Y1A 2C6 Attention: Registrar of Securities Telephone: (867) 667-5225</p>	

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

SUBMISSION TO NRD

Enter the following information using the online version of this submission at the NRD web site (www.nrd.ca). If the NRD filer is relying on the temporary hardship exemption in Rule 31-509 this form is required to be delivered to the Director in paper format.

INSTRUCTIONS FOR FILING IN PAPER FORMAT

1. This form is to be used by every individual seeking registration from a securities regulatory authority or a self-regulatory organization or who is a non-registered individual with a registered firm or a firm seeking registration.
2. This form is also to be used by any sole proprietor submitting an application for registration as a dealer, broker, adviser or underwriter to a securities regulatory authority.
3. Failure to answer all applicable questions may cause delays in the processing of the application form.
4. This form must be legible.
5. To complete the application, individuals should seek advice from an authorized officer of the sponsoring firm or from a legal adviser.
6. The number of originally-signed copies of the form to be filed with the self-regulatory organization and/or securities regulatory authority or similar authority varies from province to province. If unsure of the procedure, please consult the Registration Department of the self-regulatory organization to which you are applying or the applicable securities regulatory authority, or similar authority.

Item 1 – Name

1. Legal name

Last name	First name	Second name <i>(if applicable)</i>	Third name <i>(if applicable)</i>
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2. Other names

Are you currently, or have you previously been, known by a name other than the name provided above?.... Yes No

If "Yes", complete Schedule "A".

Item 2 - Residential address

Current address

Provide all residential addresses, including any foreign residential addresses, for the past 10 years.

Current residential address: _____
(number, street, city, province, territory or state, country, postal code)

Telephone number: () _____ Resided at this address since: _____
(YYYY/MM)

If you have resided at this address for less than 10 years, complete Schedule "B".

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

Item 3 – Personal information

Personal description

Date of birth: _____
(YYYY/MM/DD)

Place of birth: _____
(city, province, territory or state, country)

Gender: Female Male

Colour of eyes: _____

Colour of hair: _____

Height: imperial units: _____ OR metric units: _____

Weight: imperial units: _____ OR metric units: _____

Item 4 – Citizenship

Citizenship information

What is your citizenship?

- Canadian
- Other, specify: _____

If you are a citizen of a country other than Canada, complete the following for that other citizenship. You are only required to provide the following information for one citizenship.

Passport number: _____ Country of citizenship: _____

Date of issue: _____
(YYYY/MM/DD)

Place of issue: _____
(city, province, territory or state, country)

Item 5 - Registration jurisdictions

Jurisdictions

Indicate, by checking the appropriate box, each province or territory to which you are submitting this form:

- | | | |
|--|--|---|
| <input type="checkbox"/> Alberta | <input type="checkbox"/> Northwest Territories | <input type="checkbox"/> Prince Edward Island |
| <input type="checkbox"/> British Columbia | <input type="checkbox"/> Nova Scotia | <input type="checkbox"/> Québec |
| <input type="checkbox"/> Manitoba | <input type="checkbox"/> Nunavut | <input type="checkbox"/> Saskatchewan |
| <input type="checkbox"/> New Brunswick | <input type="checkbox"/> Ontario | <input type="checkbox"/> Yukon Territory |
| <input type="checkbox"/> Newfoundland and Labrador | | |

Item 6 - Individual categories

Categories

Indicate, by checking the appropriate box in Schedule "C", each registration category for which you are applying. If you are a non-registered individual and you are not applying for registration, indicate each category that describes your position with your sponsoring firm.

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

Item 7 - Address and agent for service

1. Address for service

You must have one address for service in each province or territory in which you are now, or are applying to become, a registered individual or non-registered individual. A post office box is not an acceptable address for service. Complete Schedule "D" for each additional address for service you are providing.

Address for service: _____
 (number, street, city, province or territory, postal code)

Telephone number: () _____ Fax number: () _____

E-mail address: _____

2. Agent for service

If you have appointed an agent for service, provide the following information for the agent. The address for service provided above must be the address of any agent named below.

Name of agent for service: _____

Contact person: _____
 Last name First name

Item 8 – Proficiency

1. Course or examination information

Complete Schedule "E" to indicate each course and examination that you have successfully completed or for which you have received an exemption.

If you are not required under securities legislation or the rules of a self-regulatory organization to satisfy any course or examination requirements you are not required to complete this item.

2. Student numbers

If you have a student number with one of the following institutions, provide it below:

Canadian Securities Institute (CSI): _____

Investment Funds Institute of Canada (IFIC): _____

Institute of Canadian Bankers (ICB): _____

Association for Investment Management and Research (AIMR): _____

Canadian Association of Insurance and Financial Advisors (CAIFA): _____

3. Exemption refusal

Has any securities regulatory authority or self-regulatory organization refused to grant you an exemption from a course, examination or experience requirement? Yes No

If "Yes", complete Schedule "F".

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

Item 9 – Location of employment

Location of employment

Provide the following information for the location of the sponsoring firm at which you will be working. If you will be working out of more than one location, provide the following information for the location out of which you will be doing most of your business.

NRD number: _____

Business address: _____
(number, street, city, province, territory or state, country, postal code)

Telephone number: () _____ Fax number: () _____

Check here if the mailing address of the location is the same as the business address provided above. Otherwise, complete the following:

Mailing address: _____
(number, street, city, province, territory or state, country, postal code)

Item 10 - Current employment

Employment information

On Schedule “G”, provide the information requested for your current business and employment activities, including those with your sponsoring firm.

Check here if you are not required under securities legislation to provide this information.

Item 11 - Previous employment

Employment information

On Schedule “H”, provide the information requested for your previous business and employment activities for the 10-year period before the date of this application. Include any periods of self-employment or unemployment during this period. Do not include summer employment while you were a full-time student.

In addition, provide the information requested for all of your securities or exchange contracts (including commodity futures contracts and commodity futures options) business and employment activities during and prior to the ten-year period.

Check here if you are not required under securities legislation to provide this information.

Check here if the information required by this section has been provided in Item 10.

Item 12 - Resignations and terminations

Resignation and termination information

Have you ever resigned or been terminated following allegations, made by a client, sponsoring firm, self-regulatory organization, securities regulatory authority or any other regulatory authority that you:

- a) violated investment related statutes, regulations, rules or industry standards of conduct? Yes No
- b) failed to supervise in connection with investment related statutes, regulations, rules or industry standards of conduct? Yes No
- c) committed fraud or the wrongful taking of property? Yes No

If “Yes”, to any of the above questions, complete Schedule “I”.

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

Item 13 – Regulatory disclosure

1. Securities regulatory authorities

a) Other than a registration that has been recorded on NRD under the NRD number you are using to make this submission, are you now, or have you ever been, registered or licensed to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "J", section 1(a).

b) Are you now, or have you ever been, a partner, director, officer, or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of any firm which has been registered or licensed, or is now registered or licensed, to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "J", section 1(b).

c) Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been refused registration or a license to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

"Yes", complete Schedule "J", section 1(c).

d) Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been denied the benefit of any exemption from registration provided by securities legislation or legislation governing exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "J", section 1(d).

e) Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been subject to a cease trade order, a cease distribution order, a suspension or termination order, any disciplinary proceedings or any order resulting from disciplinary proceedings pursuant to securities legislation or legislation governing exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "J", section 1(e).

2. Self-regulatory organizations

a) Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been a member or participating organization of any stock exchange or other self-regulatory organization in any province, territory, state or country? Yes No

If "Yes", complete Schedule "J", section 2(a).

b) Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been refused membership or entry as a participating organization in any stock exchange or other self-regulatory organization in any province, territory, state or country? Yes No

If "Yes", complete Schedule "J", section 2(b).

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

c) Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been subject to a suspension, expulsion or termination order, or been subject to any disciplinary proceedings or any order resulting from disciplinary proceedings conducted by any stock exchange or other self-regulatory organization in any province, territory, state or country? Yes No

If "Yes", complete Schedule "J", section 2(c).

3. Non-securities regulation

a) Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been registered or licensed under any legislation which requires registration or licensing to deal with the public in any capacity other than to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "J", section 3(a).

b) Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been refused registration or a licence under any legislation which requires registration or licensing to deal with the public in any capacity other than to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "J", section 3(b).

c) Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been subject to a suspension or termination order, or disciplinary proceedings or any order resulting from disciplinary proceedings conducted under any legislation which requires registration or licensing to deal with the public in any capacity other than to trade in or advise on securities or exchange contracts (including commodity futures contracts and commodity futures options) in any province, territory, state or country? Yes No

If "Yes", complete Schedule "J", section 3(c).

Item 14 - Criminal disclosure

Criminal, provincial and territorial offences

With respect to questions (b) and (d) below, if you or your firm have pleaded guilty or been found guilty of an offence, that offence must be reported even if an absolute or conditional discharge has been granted with respect to the offence. You are not required to disclose any offence for which a pardon has been granted under the *Criminal Records Act* (Canada) unless the pardon has been revoked. You are not required to disclose speeding or parking violations.

a) Is there currently an outstanding charge against you alleging an offence that was committed in any province, territory, state, or country? Yes No

If "Yes", complete Schedule "K", section (a).

b) Have you, since attaining the age of 18, ever been convicted of, pleaded guilty to or no contest to an offence that was committed in any province, territory, state, or country? Yes No

If "Yes", complete Schedule "K", section (b).

c) Have charges been laid, alleging an offence that was committed in any province, territory, state, or country against any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)) in which you are or were at the time of that event a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities? Yes No

If "Yes", complete Schedule "K", section (c).

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

d) Has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been convicted of, pleaded guilty to or no contest to an offence that was committed in any province, territory, state, or country? Yes No

If "Yes", complete Schedule "K", section (d).

Item 15 - Civil disclosure

Current and past civil proceedings

a) Have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, been a defendant or respondent in any civil proceeding in which fraud, theft, deceit, misrepresentation, or similar conduct is, or was, alleged? Yes No

If "Yes", complete Schedule "L", section (a).

b) Other than what you disclosed in Item 15(a), were you, at the time the events that led to the civil proceeding occurred, a partner, director or officer or a holder of securities carrying more than 10 percent of the votes of all outstanding voting securities of a firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)) that is or was a defendant or respondent in any civil proceeding in which fraud, theft, deceit, misrepresentation, or similar conduct is or was alleged?..... Yes No

If "Yes", complete Schedule "L", section (b).

Item 16 – Financial disclosure

1. Bankruptcy

Under the law of any province, territory, state, or country have you, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm:

- a) had a petition in bankruptcy issued against you or the firm or made a voluntary assignment in bankruptcy? Yes No
- b) made a proposal under any legislation relating to bankruptcy or insolvency? Yes No
- c) been subject to proceedings under any legislation relating to the winding up, dissolution or companies' creditors arrangement? Yes No
- d) been subject to or instituted any proceedings, arrangement or compromise with creditors (including having a receiver, receiver-manager, administrator or trustee appointed by or at the request of creditors, either privately, or through court process, or by order of a regulator, to hold your assets)? Yes No

If "Yes" to any of the above questions, complete Schedule "M", section 1.

2. Debt Obligations

Have you ever failed to meet a financial obligation of \$500 or more as it came due, or has any firm (other than your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(b)), when you were a partner, director, officer or holder of voting securities carrying more than 10 percent of the votes carried by all outstanding voting securities of that firm, failed to meet a financial obligation as it came due? Yes No

If "Yes", complete Schedule "M", section 2.

3. Surety bond or fidelity bond

Have you ever applied for a surety or fidelity bond and been refused? Yes No

If "Yes", complete Schedule "M", section 3.

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

4. Garnishments, unsatisfied judgments or directions to pay

Are there currently, or have there been, outstanding against you any of the following:

- a) garnishments,
- b) unsatisfied judgments, or
- c) directions to pay;

issued by a federal, provincial, territorial or state authority? Yes No

If "Yes", complete Schedule "M", section 4.

Item 17 - Related securities firms

Related securities firms and holdings

Are you a partner, director, or officer of a firm (other than your sponsoring firm) whose principal business is trading in or advising on securities or exchange contracts (including commodity futures contracts and commodity futures options) or are you a holder of 10 percent or more of the voting securities of any firm (including your sponsoring firm) whose principal business is trading in or advising on securities or exchange contracts (including commodity futures contracts and commodity futures options)?..... Yes No

If "Yes", complete Schedule "N".

Agent for Service

By submitting this form you certify that in each jurisdiction in which you have appointed an agent for service you have properly executed the appointment of agent for service required by the regulator or the securities legislation of that jurisdiction.

Submission to Jurisdiction

By submitting this application you irrevocably and unconditionally submit to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of each jurisdiction to which you have submitted this application and any administrative proceeding in that jurisdiction, in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (each, a "Proceeding") arising out of or relating to or concerning your activities as a registrant or an officer, partner or director of a registrant under the securities legislation of the jurisdiction, and irrevocably waive any right to raise as a defence in any Proceeding any alleged lack of jurisdiction to bring that Proceeding.

Notice of collection and use of personal information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon Territory, and Nunavut.

By submitting this application you consent to the collection by the securities regulatory authority to which this application is being submitted of the personal information contained in the application, police records, records from other government or non-governmental regulatory authorities or self-regulatory organizations, credit records and employment records about you as may be necessary for the securities regulatory authority to complete its review of your application or continued fitness for registration in accordance with the legal authority of the securities regulatory authority for the duration of the period which you remain registered or approved by the securities regulatory authority. The sources the securities regulatory authority may contact include government and private bodies or agencies, individuals, corporations and other organizations.

FORM 33-506F4 REGISTRATION INFORMATION FOR AN INDIVIDUAL

The principal purpose for which this collection of personal information is to be used is to assess your suitability for registration and to assess your continued fitness for registration in accordance with the applicable securities legislation.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number set out in Schedule "O". In Québec, questions may also be addressed to the Commission d'accès à l'information du Québec (1-888-528-7741, web site: www.cai.gouv.qc.ca).

WARNING: It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certification

The following certification is to be used when submitting this form in NRD format:

I am making this submission as agent for the individual to whom this submission relates. By checking this box I certify that all statements of fact in this submission were provided to me by the individual.

Both of the following certifications are to be used when submitting this form in paper format:

I, the undersigned, certify that I have read and that I understand the questions in this form and the Warning set out above. I also certify that all statements of fact provided in this application are true.

Signature of applicant or non-registered individual

Date

I, the undersigned, certify on behalf of the sponsoring firm that the individual will be engaged by the sponsoring firm as a registered individual or a non-registered individual. I certify that I have, or a branch manager or another officer or partner has, discussed the questions set out in this form with the individual and I am satisfied that the individual fully understands the questions.

Signature of authorized officer or partner

Date

Firm name

SCHEDULE "A" Name			
Item <input type="checkbox"/> 1			
Other names			
Last name	First name	Second name <i>(if applicable)</i>	Third name <i>(if applicable)</i>
Provide the reasons for the use of this name (for example, marriage, divorce, court order, commonly used name).			
When did you use this name? From: _____ To: _____ <div style="text-align: center;"><small>(YYYY/MM) (YYYY/MM)</small></div>			
Last name	First name	Second name <i>(if applicable)</i>	Third name <i>(if applicable)</i>
Provide the reasons for the use of this name (for example, marriage, divorce, court order, commonly used name).			
When did you use this name? From: _____ To: _____ <div style="text-align: center;"><small>(YYYY/MM) (YYYY/MM)</small></div>			
Last name	First name	Second name <i>(if applicable)</i>	Third name <i>(if applicable)</i>
Provide the reasons for the use of this name (for example, marriage, divorce, court order, commonly used name).			
When did you use this name? From: _____ To: _____ <div style="text-align: center;"><small>(YYYY/MM) (YYYY/MM)</small></div>			

SCHEDULE "B"
Residential address

Item 2

Previous addresses

A postal code (or ZIP code) and a telephone number are not required for any previous address.

Residential address: _____
(number, street, city, province, territory or state, country)

When did you live at this address? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

Residential address: _____
(number, street, city, province, territory or state, country)

When did you live at this address? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

Residential address: _____
(number, street, city, province, territory or state, country)

When did you live at this address? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

Residential address: _____
(number, street, city, province, territory or state, country)

When did you live at this address? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

Residential address: _____
(number, street, city, province, territory or state, country)

When did you live at this address? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

SCHEDULE "C"
Individual categories

Item 6

Categories

Indicate, by checking the appropriate box, each category for which you are applying.

Alberta

- | | |
|--|--|
| <input type="checkbox"/> Salesperson | <input type="checkbox"/> Shareholder |
| <input type="checkbox"/> Officer (Trading) | <input type="checkbox"/> Branch Manager |
| <input type="checkbox"/> Officer (Non-Trading) | <input type="checkbox"/> Officer (Advising) |
| <input type="checkbox"/> Partner (Trading) | <input type="checkbox"/> Officer (Non-Advising) |
| <input type="checkbox"/> Partner (Non-Trading) | <input type="checkbox"/> Junior Officer (Advising) |
| <input type="checkbox"/> Director | <input type="checkbox"/> Partner (Advising) |
| | <input type="checkbox"/> Partner (Non-Advising) |

British Columbia

- | | |
|---|--|
| <input type="checkbox"/> Salesperson | <input type="checkbox"/> Officer (Advising) |
| <input type="checkbox"/> Officer (Trading) | <input type="checkbox"/> Officer (Non-Advising) |
| <input type="checkbox"/> Officer (Non-Trading) | <input type="checkbox"/> Partner (Advising) |
| <input type="checkbox"/> Partner (Trading) | <input type="checkbox"/> Partner (Non-Advising) |
| <input type="checkbox"/> Partner (Non-Trading) | <input type="checkbox"/> Director (Advising) |
| <input type="checkbox"/> Director (Trading) | <input type="checkbox"/> Director (Non-Advising) |
| <input type="checkbox"/> Director (Non-Trading) | <input type="checkbox"/> Advising Employee |
| <input type="checkbox"/> Compliance Officer | |
| <input type="checkbox"/> Shareholder | |
| <input type="checkbox"/> Branch Manager | |

Manitoba

- | | |
|---|--|
| <input type="checkbox"/> Salesperson | <input type="checkbox"/> Associate Advising Officer |
| <input type="checkbox"/> Officer (Trading) | <input type="checkbox"/> Associate Advising Partner |
| <input type="checkbox"/> Officer (Non-Trading) | <input type="checkbox"/> Associate Advising Director |
| <input type="checkbox"/> Partner (Trading) | <input type="checkbox"/> Associate Advising Employee |
| <input type="checkbox"/> Partner (Non-Trading) | <input type="checkbox"/> Non-trading |
| <input type="checkbox"/> Director (Trading) | <input type="checkbox"/> Officer |
| <input type="checkbox"/> Director (Non-Trading) | <input type="checkbox"/> Partner |
| <input type="checkbox"/> Branch Manager | <input type="checkbox"/> Futures Contract Portfolio Manager |
| <input type="checkbox"/> Advising Officer | <input type="checkbox"/> Associate Futures Contracts Portfolio Manager |
| <input type="checkbox"/> Advising Partner | <input type="checkbox"/> Floor Trader |
| <input type="checkbox"/> Advising Director | <input type="checkbox"/> Floor Broker |
| <input type="checkbox"/> Non-Advising Officer | <input type="checkbox"/> Local |
| <input type="checkbox"/> Non-Advising Partner | <input type="checkbox"/> Adviser |
| <input type="checkbox"/> Non-Advising Director | |
| <input type="checkbox"/> Advising Employee | |

New Brunswick

- | | |
|--|--|
| <input type="checkbox"/> Salesperson | <input type="checkbox"/> Compliance Officer |
| <input type="checkbox"/> Officer (Trading) | <input type="checkbox"/> Officer (Advising) |
| <input type="checkbox"/> Officer (Non-Trading) | <input type="checkbox"/> Officer (Non-Advising) |
| <input type="checkbox"/> Partner (Trading) | <input type="checkbox"/> Junior Officer (Advising) |
| <input type="checkbox"/> Partner (Non-Trading) | <input type="checkbox"/> Partner (Advising) |
| <input type="checkbox"/> Director | <input type="checkbox"/> Partner (Non-Advising) |
| <input type="checkbox"/> Shareholder | |

SCHEDULE "C"	
Individual categories	
Item <input type="checkbox"/> 6	
Categories	
Newfoundland and Labrador	
<input type="checkbox"/> Salesperson <input type="checkbox"/> Officer (Trading) <input type="checkbox"/> Officer (Non-Trading) <input type="checkbox"/> Director <input type="checkbox"/> Shareholder <input type="checkbox"/> Partner (Trading) <input type="checkbox"/> Partner (Non-Trading) <input type="checkbox"/> Branch Manager	<input type="checkbox"/> Officer (Advising) <input type="checkbox"/> Officer (Non-Advising) <input type="checkbox"/> Director <input type="checkbox"/> Shareholder <input type="checkbox"/> Partner (Advising) <input type="checkbox"/> Partner (Non-Advising) <input type="checkbox"/> Branch Manager
Northwest Territories	
<input type="checkbox"/> Salesperson <input type="checkbox"/> Officer (Trading) <input type="checkbox"/> Officer (Non-Trading) <input type="checkbox"/> Director <input type="checkbox"/> Partner (Trading) <input type="checkbox"/> Partner (Non-Trading) <input type="checkbox"/> Sole Proprietor	<input type="checkbox"/> Shareholder <input type="checkbox"/> Branch Manager <input type="checkbox"/> Representative (Advising) <input type="checkbox"/> Officer (Advising) <input type="checkbox"/> Officer (Non-Advising) <input type="checkbox"/> Partner (Advising) <input type="checkbox"/> Partner (Non-Advising)
Nova Scotia	
<input type="checkbox"/> Salesperson <input type="checkbox"/> Officer (Trading) <input type="checkbox"/> Officer (Non-Trading) <input type="checkbox"/> Sole Proprietor (Trading) <input type="checkbox"/> Director <input type="checkbox"/> Partner (Trading) <input type="checkbox"/> Partner (Non-Trading)	<input type="checkbox"/> Officer (Advising) <input type="checkbox"/> Officer (Non-Advising) <input type="checkbox"/> Associate Partner <input type="checkbox"/> Partner (Advising) <input type="checkbox"/> Partner (Non-Advising) <input type="checkbox"/> Sole Proprietor (Advising)
Nunavut	
<input type="checkbox"/> Salesperson <input type="checkbox"/> Officer (Trading) <input type="checkbox"/> Officer (Non-Trading) <input type="checkbox"/> Director <input type="checkbox"/> Partner (Trading) <input type="checkbox"/> Partner (Non-Trading) <input type="checkbox"/> Sole Proprietor	<input type="checkbox"/> Shareholder <input type="checkbox"/> Branch Manager <input type="checkbox"/> Representative (Advising) <input type="checkbox"/> Officer (Advising) <input type="checkbox"/> Officer (Non-Advising) <input type="checkbox"/> Partner (Advising) <input type="checkbox"/> Partner (Non-Advising)
Ontario	
Except as indicated the following categories are available under the <i>Securities Act</i> and the <i>Commodity Futures Act</i> .	
<input type="checkbox"/> Floor Trader <input type="checkbox"/> Salesperson <input type="checkbox"/> Officer (Trading) <input type="checkbox"/> Officer (Non-Trading) <input type="checkbox"/> Partner (Trading) <input type="checkbox"/> Partner (Non-Trading) <input type="checkbox"/> Sole Proprietor (Trading) <input type="checkbox"/> Director <input type="checkbox"/> Advising Representative	<input type="checkbox"/> Associate Advising Representative (<i>Securities Act</i> category only) <input type="checkbox"/> Officer (Advising) <input type="checkbox"/> Officer (Non-Advising) <input type="checkbox"/> Associate Officer (<i>Securities Act</i> category only) <input type="checkbox"/> Partner (Advising) <input type="checkbox"/> Partner (Non-Advising) <input type="checkbox"/> Associate Partner (<i>Securities Act</i> category only) <input type="checkbox"/> Sole Proprietor (Advising) <input type="checkbox"/> Shareholder

SCHEDULE "C"	
Individual categories	
Item <input type="checkbox"/> 6	
Categories	
Prince Edward Island	
<input type="checkbox"/> Salesperson <input type="checkbox"/> Officer (Trading) <input type="checkbox"/> Officer (Non-Trading) <input type="checkbox"/> Partner (Trading) <input type="checkbox"/> Partner (Non-Trading) <input type="checkbox"/> Director <input type="checkbox"/> Shareholder	<input type="checkbox"/> Branch Manager <input type="checkbox"/> Compliance Officer <input type="checkbox"/> Counselling Officer (Officer) <input type="checkbox"/> Counselling Officer (Partner) <input type="checkbox"/> Counselling Officer (Other) <input type="checkbox"/> Officer (Non-Advising) <input type="checkbox"/> Partner (Non-Advising)
Québec	
Dealer	Adviser
<input type="checkbox"/> Salesperson (representative) <input type="checkbox"/> Officer <input type="checkbox"/> Partner <input type="checkbox"/> Director <input type="checkbox"/> Director (Non-Industry) <input type="checkbox"/> Branch Manager	<input type="checkbox"/> Representative (Advising) <input type="checkbox"/> Officer <input type="checkbox"/> Partner <input type="checkbox"/> Director <input type="checkbox"/> Director (Non-Industry) <input type="checkbox"/> Branch Manager
Saskatchewan	
<input type="checkbox"/> Salesperson <input type="checkbox"/> Officer (Trading) <input type="checkbox"/> Officer (Non-Trading) <input type="checkbox"/> Partner (Trading) <input type="checkbox"/> Partner (Non-Trading) <input type="checkbox"/> Director	<input type="checkbox"/> Employee (Advising) <input type="checkbox"/> Officer (Advising) <input type="checkbox"/> Officer (Non-Advising) <input type="checkbox"/> Partner (Advising) <input type="checkbox"/> Partner (Non-Advising)
Yukon	
<input type="checkbox"/> Salesperson <input type="checkbox"/> Officer (Trading) <input type="checkbox"/> Officer (Non-Trading) <input type="checkbox"/> Partner (Trading) <input type="checkbox"/> Partner (Non-Trading) <input type="checkbox"/> Director <input type="checkbox"/> Sole Proprietor (Trading) <input type="checkbox"/> Branch Manager	<input type="checkbox"/> Shareholder <input type="checkbox"/> Officer (Advising) <input type="checkbox"/> Officer (Non-Advising) <input type="checkbox"/> Partner (Advising) <input type="checkbox"/> Partner (Non-Advising) <input type="checkbox"/> Sole Proprietor (Advising)

SCHEDULE "C"
Individual categories

Item 6

Categories

Investment Dealers Association of Canada

- | | |
|---|--|
| <ul style="list-style-type: none"> <input type="checkbox"/> Partner (Industry) <input type="checkbox"/> Partner (Non-Industry) <input type="checkbox"/> Director (Industry) <input type="checkbox"/> Director (Non-Industry) <input type="checkbox"/> Officer (Trading) <input type="checkbox"/> Officer (Non-Trading) <input type="checkbox"/> Industry Investor <input type="checkbox"/> Non-Industry Investor <input type="checkbox"/> Chief Compliance Officer <input type="checkbox"/> Ultimate Designated Person <input type="checkbox"/> Alternate Designated Person <input type="checkbox"/> Designated Registered Options Principal <input type="checkbox"/> Alternate Registered Options Principal <input type="checkbox"/> Designated Registered Futures Options Principal <input type="checkbox"/> Alternate Registered Futures Options Principal <input type="checkbox"/> Sales Manager <input type="checkbox"/> Branch Manager <input type="checkbox"/> Co-Branch Manager <input type="checkbox"/> Assistant Branch Manager <input type="checkbox"/> Futures Contract Options Supervisor <input type="checkbox"/> Investment Representative (Mutual Funds) <input type="checkbox"/> Investment Representative (Retail) <input type="checkbox"/> Investment Representative (Non-Retail) <input type="checkbox"/> Investment Representative Options (Retail) <input type="checkbox"/> Investment Representative Options (Non-Retail) <input type="checkbox"/> Investment Futures Contract Representative Options (Retail) <input type="checkbox"/> Investment Futures Contract Representative Options (Non-Retail) | <ul style="list-style-type: none"> <input type="checkbox"/> Registered Representative (Mutual Funds) <input type="checkbox"/> Registered Representative (Retail) <input type="checkbox"/> Registered Representative (Non-Retail) <input type="checkbox"/> Registered Representative Options (Retail) <input type="checkbox"/> Registered Representative Options (Non-Retail) <input type="checkbox"/> Registered Futures Contract Representative Options (Retail) <input type="checkbox"/> Registered Futures Contract Representative Options (Non-Retail) <input type="checkbox"/> Trader - CATS <input type="checkbox"/> Trader - TradeCDNX <input type="checkbox"/> Trader - Commodity Floor Trader <input type="checkbox"/> Associate Portfolio Manager - Securities <input type="checkbox"/> Associate Portfolio Manager - Security Options <input type="checkbox"/> Associate Portfolio Manager - Commodity Futures Options <input type="checkbox"/> Portfolio Manager - Securities <input type="checkbox"/> Portfolio Manager - Security Options <input type="checkbox"/> Portfolio Manager - Commodity Futures Options |
|---|--|

SCHEDULE "D"
Address and Agent for Service

Item 7

Address for Service

1. Address for service

You must have one address for service in each province or territory in which you are now, or are applying to become, a registered individual or non-registered individual. A post office box is not an acceptable address for service.

Address for service: _____
(number, street, city, province or territory, postal code)

Telephone number: () _____ Fax number: () _____

E-mail address: _____

2. Agent for service

If you have appointed an agent for service, provide the following information for the agent. The address for service provided above must be the address of the agent named below.

Name of agent for service: _____
(if applicable)

Contact person: _____
Last name First name

**SCHEDULE "E"
Proficiency**

Item 8

Course or examination information

Indicate each course and examination that you have successfully completed or for which you have received an exemption.

COURSE OR EXAMINATION	DATE COMPLETED	DATE EXEMPTED AND BY WHICH JURISDICTION OR REGULATOR (YYYY/MM/DD)
30-day Training Program		
90-day Training Program		
ACE Trader Exam		
Agricultural Markets – Risk Management Course (ARM)		
Branch Compliance Officers Course		
Branch Manager's Examination Course (formerly the Canadian Branch Managers Qualifying Examination)		
Canadian Commodity Futures Examination		
Canadian Commodity Supervisors Examination		
Canadian Funds Course (Quebec only)		
Canadian Futures Exam (Part 1)		
Canadian Futures Exam (Part 2)		
Canadian Investment Finance Course Part I		
Canadian Investment Finance Course Part II		
Canadian Investment Funds Course		
Canadian Investment Management Program (Part 1)		
Canadian Investment Management Program (Parts 2)		
Canadian Options Course		
Canadian Securities Course		
CATS Examination-Oral		
CATS Examination-Written		
Certified Financial Planners Program		
Chartered Financial Analyst Charter		
Chartered Financial Analyst Course (Level I)		
Chartered Financial Analyst Course (Level II)		
Chartered Financial Analyst Course (Level III)		
Commodity Futures Exam (Part 1)		
Commodity Futures Exam (Part 2)		
Conduct and Practices Handbook Course		
Derivatives Fundamentals Course		
Derivatives Operational Management Course		
Effective Management Seminar		
Energy Markets - Risk Management Course		

SCHEDULE "E" Proficiency		
Ensis Growth Fund Understanding Labour Sponsored Investment Funds (Full Course)		
Examination based on Manual for Registered Representatives (RR Exam)		
Fellow of the Canadian Securities Institute		
Financial Markets Risk Management Course		
Examination based on Manual for Registered Representatives (RR Exam)		
Futures Floor Trader Examination (Winnipeg Stock Exchange)		
Futures Licensing Course		
General Securities Representative Examination (Series 7)		
In-House Scholarship Training Program		
Investment Funds Course		
Investment Management Techniques		
Labour Sponsored Investment Funds Course		
National Commodity Futures Examination		
New Entrants Examination		
Officers' Partners' and Directors' Course		
Operations Course		
Options Licensing Course		
Options Strategies Course		
Options Supervisors Course		
Partners, Directors and Senior Officers Qualifying Examination		
Personal Financial Planning Diploma		
Portfolio Management Techniques		
Principles of Mutual Funds Investment Course		
Professional Financial Planning Course		
Professional Options Trader Examination		
Real Estate Agent's Pre-Licensing Course		
Registered Options Principal's Qualifying Examination		
Technical Analysis Course (TAC)		
Trader Training Course		
VCT Trader Exam		
Wealth Management Techniques		
Other, specify:		
Other, specify:		
Other, specify:		
Other, specify:		

SCHEDULE "F"
Proficiency

Item 8

Exemption refusal

Complete the following for each exemption that was refused.

Which securities regulatory authority or self-regulatory organization refused to grant the exemption?

State the name of the course, examination or experience requirement:

State the reason given for not being granted the exemption:

Which securities regulatory authority or self-regulatory organization refused to grant the exemption?

State the name of the course, examination or experience requirement:

State the reason given for not being granted the exemption:

SCHEDULE "G"
Current employment

Item 10

Employment information

Provide the information requested for each of your current business and employment activities, including those with your sponsoring firm.

- Unemployed
- Full-time student
- Employed or self-employed

From: _____
(YYYY/MM/DD)

You are only required to fill in the following if you have indicated above that you are employed or self-employed.

Name of business or employer:

Address of business or employer:

(number, street, city, province, territory or state, country)

Name and title of immediate supervisor: _____

Describe the type of business or employment and your duties. If you are seeking a type of registration for which specified experience is required, provide details of that experience below (for example, level of responsibility, value of accounts under direct supervision, and research experience):

Indicate the number of hours per week you will be devoting to this business or employment: _____

If the business or employment described above is with the sponsoring firm and if you are working less than 30 hours per week for the firm, explain why you are working less than 30 hours per week for the firm:

SCHEDULE "G"
Current employment

If the business or employment described above is not with the sponsoring firm, disclose any potential for confusion by clients and any potential for conflicts of interest arising from your proposed activities as a registrant and the business or employment described above (include whether the business is listed on an exchange):

SCHEDULE "H"
Previous employment

Item 11

Employment information

Provide the information requested for your previous business and employment activities for the 10-year period before the date of this application. Include any periods of self-employment or unemployment during this period. Do not include summer employment while you were a full-time student.

In addition, provide the information requested in respect of all of your securities or exchange contracts (including commodity futures contracts and commodity futures options) business and employment activities during and prior to the ten-year period.

- Unemployed
- Full-time student
- Employed or self-employed

From: _____ To: _____
(YYYY/MM/DD) (YYYY/MM/DD)

You are only required to fill in the following if you have indicated above that you are, or were, employed or self-employed.

Name of business or employer:

Address of business or employer:

(number, street, city, province, territory or state, country)

Name and title of immediate supervisor: _____

Describe the type of business or employment and your duties. If you are seeking a type of registration for which specified experience is required, provide details of that experience below (for example, level of responsibility, value of accounts under direct supervision, and research experience):

SCHEDULE "I"
Resignations and terminations

Item 12

Resignation and Termination information

For each resignation or termination indicate below, (1) the name of the firm from which you resigned or were terminated, (2) whether you resigned or were terminated, (3) the date you resigned or were terminated, and (4) the circumstances relating to your resignation or termination (including whether the allegations were made by a client, sponsoring firm, self-regulatory organization or regulatory authority).

SCHEDULE "J"
Regulatory disclosure

Item 13

1. Securities regulatory authorities

- a) For each registration or licence, indicate below (1) the securities regulatory authority with which you are, or were, registered or licensed, (2) the type or category of registration or licence, and (3) the dates between which you held the registration or licence.
- b) For each registration or licence, indicate below (1) the name of the firm, (2) the securities regulatory authority with which the firm is, or was, registered or licensed, (3) the type or category of registration or licence, and (4) the dates between which you held the registration or licence.
- c) For each registration or licence refused, indicate below (1) the party that was refused the registration or licence, (2) the securities regulatory authority that refused the registration or licence, (3) the type or category of registration or licence refused, (4) the date of the refusal, and (5) the reasons for the refusal.
- d) For each exemption from registration denied, indicate below (1) the party that was denied the exemption, (2) the securities regulatory authority that denied the exemption, (3) the date the exemption was denied, and (4) any other information that you think is relevant or that is requested by the regulator.
- e) For each order or disciplinary proceeding, indicate below (1) the party against whom the order was made or the proceeding taken, (2) the securities regulatory authority that issued the order or that is, or was, conducting the proceeding, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), and (6) any other information that you think is relevant or that is requested by the regulator.

SCHEDULE "J"
Regulatory disclosure

2. Self-regulatory organizations

- a) For each membership or participation, indicate below (1) the party that is, or was, a member or participating organization, (2) the self-regulatory organization with which the party is, or was, a member or participating organization, (3) the type or category of membership or participation, and (4) the dates between which the party was a member or participating organization.

- b) For each membership or participation refused, indicate below (1) the party that was refused membership or participation, (2) the self-regulatory organization that refused the membership or participation, (3) the type or category of membership or participation refused, (4) the date of the refusal, and (5) the reasons for the refusal.

- c) For each order or disciplinary proceeding, indicate below (1) the party against whom the order was made or the proceeding taken, (2) the self-regulatory organization that issued the order or that is, or was, conducting the proceeding, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), and (6) any other information that you think is relevant or that is requested by the regulator.

3. Non-securities regulation

- a) For each registration or licence, indicate below (1) the party is, or was, registered or licensed, (2) with which regulatory authority, or under what legislation, the party is, or was, registered or licensed, (3) the type or category of registration or licence, and (4) the dates between which the party held the registration or licence.

- b) For each registration or licence refused, indicate below (1) the party that was refused registration or licensing, (2) with which regulatory authority, or under what legislation, the registration or licence was refused, (3) the type or category of registration or licence refused, (4) the date of the refusal, and (5) the reasons for the refusal.

- c) For each order or disciplinary proceeding, indicate below (1) the party against whom the order was made or the proceeding taken, (2) the regulatory authority that made the order or that is, or was, conducting the proceeding, or under what legislation the order was made or the proceeding is being, or was, conducted, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), and (6) any other information that you think is relevant or that is requested by the regulator.

SCHEDULE "K"
Criminal disclosure

Item 14

Criminal, provincial and territorial offences

- a) For each charge, indicate below (1) the charge, (2) the date of the charge, (3) any trial or appeal dates, and (4) the court location.

- b) For each conviction, indicate below (1) the offence, (2) the date of the conviction, and (3) the disposition (state any penalty or fine and the date any fine was paid).

- c) For each charge, indicate below (1) the name of the firm, (2) the charge, (3) the date of the charge, (4) any trial or appeal dates, and (5) the court location.

- d) For each conviction, indicate below (1) the name of the firm, (2) the offence, (3) the date of the conviction, and (4) the disposition (state any penalty or fine and the date any fine was paid).

SCHEDULE "L"
Civil disclosure

Item 15

Current and past civil proceedings

- a) For each civil proceeding, indicate below (1) the party that is, or was, a defendant or respondent, (2) each plaintiff in the proceeding, (3) whether the proceeding is pending, on appeal or final, (4) the jurisdiction in which the action is being, or was, pursued, and (5) a summary of any disposition or settlement. (Disclosure must include those actions settled without admission of liability.)

- b) For each civil proceeding, indicate below (1) the firm that was a defendant or respondent in the proceeding, (2) your relationship to the firm, (3) each plaintiff in the proceeding, (4) whether the proceeding is pending, on appeal or final, (5) the jurisdiction in which the action is being, or was, pursued, and (6) a summary of any disposition or settlement. (Disclosure must include those actions settled without admission of liability.)

SCHEDULE "M"
Financial Disclosure

Item 16

1. Bankruptcy

For each event, indicate below (1) the party about whom this disclosure is being made, (2) any amounts currently owing, (3) the creditors, (4) the status of the matter, (5) a summary of any disposition or settlement, and (6) any other information that you think is relevant or that is requested by the regulator.

2. Solvency

For each event, indicate below (1) the party that failed to meet its financial obligation, (2) the amount that was owing at the time the party failed to meet its financial obligation, (3) the party to whom the amount is, or was, owing, (4) any relevant dates (for example, when payments are due or when final payment was made), (5) any amounts currently owing, and (6) any other information that you think is relevant or that is requested by the regulator.

3. Surety Bond or Fidelity Bond

For each bond refused, indicate below (1) the name of the bonding company, (2) the address of the bonding company, (3) the date of the refusal, and (4) the reasons for the refusal.

4. Garnishments, Unsatisfied Judgments or Directions to Pay

For each garnishment, unsatisfied judgement or direction to pay, indicate below (1) the amount that was owing at the time the garnishment, judgement or direction to pay was rendered, (2) the party to whom the amount is, or was, owing, (3) any relevant dates (for example, when payments are due or when final payment was made), (4) any amounts currently owing, and (5) any other information that you think is relevant or that is requested by the regulator.

SCHEDULE "N"
Related securities firms

Item 17

Related Securities Firms and Holdings

Indicate below (a) the name of the firm and (b) your relationship to the firm.

a) Firm name: _____

b) Relationship to the firm and period of relationship:

Partner From: _____ / _____ To: _____ / _____ (if applicable)
(YYYY/MM) (YYYY/MM)

Director From: _____ / _____ To: _____ / _____ (if applicable)
(YYYY/MM) (YYYY/MM)

Officer From: _____ / _____ To: _____ / _____ (if applicable)
(YYYY/MM) (YYYY/MM)

Holder of voting securities over 10 percent From: _____ / _____ To: _____ / _____ (if applicable)
(YYYY/MM) (YYYY/MM)

If you are a holder of 10 percent or more of the voting securities of the firm, complete (c), (d), (e), (f), (g) and (h).

c) State the number, value, class and percentage of securities or the amount of partnership interest you own or propose to acquire upon approval. If acquiring shares upon approval, state source (for example, treasury shares, or if upon transfer, state name of transferor).

d) State the value of subordinated debentures or bonds of the firm to be held by you or any other subordinated loan to be made by you to the firm (if applicable):

e) If another party has provided you with funds to invest in the firm, identify the party and state the relationship between you and that party:

SCHEDULE "N"
Related securities firms

f) Are the funds to be invested (or proposed to be invested) guaranteed directly or indirectly by any person or firm? Yes No

If "Yes", identify the party and state the relationship between you and that party:

g) Have you either directly or indirectly given up any rights with respect to such securities or partnership interest, or do you, on approval of this application, intend to give up any such rights (including by hypothecation, pledging or depositing as collateral the securities or partnership interest with any institution or person)? Yes No

If "Yes", identify the party, state the relationship between you and that party and describe the rights that have been or will be given up:

h) Is a person other than you the beneficial owner of the shares, bonds, debentures, partnership units or other notes held by you? Yes No

If "Yes", complete (i), (j) and (k).

i) Name of beneficial owner:

Last name	First name	Second name <i>(if applicable)</i>	Third name <i>(if applicable)</i>
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j) Residential address:

.....
(number, street, city, province, territory or state, country, postal code)

k) Occupation:

SCHEDULE "O"	
Notice and collection and use of personal information	
Contact Information	
Alberta	British Columbia
Alberta Securities Commission, 4th Floor, 300 B 5th Avenue S.W. Calgary, AB T2P 3C4 Attention: Information Officer Telephone: (403) 297-6454	British Columbia Securities Commission P.O. Box 10142, Pacific Centre 701 West Georgia Street Vancouver, BC V7Y 1L2 Attention: Freedom of Information Officer Telephone: (604) 899-6500 or (800) 373-6393 (in BC)
Manitoba	New Brunswick
The Manitoba Securities Commission 1130-405 Broadway Winnipeg, MB R3C 3L6 Attention: Director – Legal Telephone: (204) 945-4508	Securities Administration Branch PO Box 5001 606, 133 Prince William Street Saint John, NB E2L 4Y9 Attention: Deputy Administrator, Capital Markets Telephone: (506) 658-3021
Newfoundland and Labrador	Nova Scotia
Securities Commission of Newfoundland and Labrador P.O. Box 8700, 2nd Floor, West Block Confederation Building St. John's, NF A1B 4J6 Attention: Director of Securities Tel: (709) 729-4189	Nova Scotia Securities Commission 2nd Floor, Joseph Howe Building 1690 Hollis Street P.O. Box 458 Halifax, NS B3J 3J9 Attention: FOI Officer Telephone: (902) 424-7768
Northwest Territories	Nunavut
Government of the Northwest Territories P.O. Box 1320 Yellowknife, NWT X1A 2L9 Attention: Deputy Registrar of Securities Telephone: (867) 920-8984	Legal Registries Division Department of Justice Government of Nunavut P.O. Box 1000 Station 570 Iqaluit, NU X0A 0H0 Attention: Deputy Registrar of Securities Telephone: (867) 975-6190
Ontario	Prince Edward Island
Ontario Securities Commission Suite 1903, Box 55 20 Queen Street West Toronto, ON M5H 3S8 Attention: FOI Coordinator Telephone: (416) 593-8314	Securities Registry Office of the Attorney General B Consumer, Corporate and Insurance Services Division P.O. Box 2000 Charlottetown, PE C1A 7N8 Attention: Deputy Registrar of Securities Telephone: (902) 368-4569
Québec	Saskatchewan
Commission des valeurs mobilières du Québec Stock Exchange Tower P.O. Box 246, 22nd Floor 800 Victoria Square Montréal, PQ H4Z 1G3 Attention: Responsable de l'accès à l'information Telephone: (514) 940-2150 or (800) 361-5072 (in Québec)	Saskatchewan Securities Commission 800 B1920 Broad Street Regina, SK S4P 3V7 Attention: Director Telephone: (306) 787-5842
Yukon	
Department of Community Services Yukon P.O. Box 2703 Whitehorse, YU Y1A 2C6 Attention: Registrar of Securities Telephone: (867) 667-5225	

FORM 33-506F5

CHANGE OF REGISTRATION INFORMATION

GENERAL INSTRUCTIONS

1. This notice must be submitted when notifying a Director of changes to Form 3 or Form 4 information in accordance with Rule 33-506.
2. If the NRD filer is relying on the temporary hardship exemption in Rule 31-509, this form is required to be delivered to the Director in paper format when notifying a Director of changes to Form 33-506F4.
3. If this form is being submitted in respect of a change to a Form 3, Form 4 or Form 33-506F4 an authorized partner or officer of the firm must sign the form.

1. Type of form

Identify the part of the Form 3, Form 4, or Form 33-506F4 for which this notice is being provided. If this notice is being provided to update an individual's Form 4 or Form 33-506F4, provide the name of the individual.

- Form 3, Item(s) _____,
- Form 4, Item(s) _____, name of individual _____, or
- Form 33-506F4, Item(s) _____, name of individual _____

2. Details of Change

Provide the details of the change for each item identified above:

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon Territory, and Nunavut.

By submitting this information you consent to the collection by the securities regulatory authority of the personal information provided above, police records, records from other government or non-governmental regulatory authorities or self-regulatory organizations, credit records and employment records about you as may be necessary for the securities regulatory authority to complete its review of your continued fitness for registration, if applicable, in accordance with the legal authority of the securities regulatory authority for the duration of the period which you remain registered or approved by the securities regulatory authority. The sources the securities regulatory authority may contact include government and private bodies or agencies, individuals, corporations and other organizations.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number provided in Schedule "A".

WARNING: It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION

I, the undersigned, certify that I have read and that I understand the questions in this notice and the Warning set out above. I also certify that all statements of fact made in the answers to the questions are true.

Rules and Policies

Signature of registered or non-registered individual

Date

(No signature is required here if this form is being submitted in respect of a change to Form 3 information.)

If this form is being submitted in respect of a change to Form 3, I, the undersigned, certify that I understand the requirements and the Warning in this notice and that all statements of fact provided in this notice are true.

Signature of authorized officer or partner

Date

Firm name

SCHEDULE "A"	
Notice and collection and use of personal information	
Contact Information	
<p>Alberta</p> <p>Alberta Securities Commission, 4th Floor, 300 B 5th Avenue S.W. Calgary, AB T2P 3C4 Attention: Information Officer Telephone: (403) 297-6454</p>	<p>British Columbia</p> <p>British Columbia Securities Commission P.O. Box 10142, Pacific Centre 701 West Georgia Street Vancouver, BC V7Y 1L2 Attention: Freedom of Information Officer Telephone: (604) 899-6500 or (800) 373-6393 (in BC)</p>
<p>Manitoba</p> <p>The Manitoba Securities Commission 1130-405 Broadway Winnipeg, MB R3C 3L6 Attention: Director - Legal Telephone: (204) 945-4508</p>	<p>New Brunswick</p> <p>Securities Administration Branch PO Box 5001 606, 133 Prince William Street Saint John, NB E2L 4Y9 Attention: Deputy Administrator, Capital Markets Telephone: (506) 658-3021</p>
<p>Newfoundland and Labrador</p> <p>Securities Commission of Newfoundland and Labrador P.O. Box 8700, 2nd Floor, West Block Confederation Building St. John's, NF A1B 4J6 Attention: Director of Securities Tel: (709) 729-4189</p>	<p>Nova Scotia</p> <p>Nova Scotia Securities Commission 2nd Floor, Joseph Howe Building 1690 Hollis Street P.O. Box 458 Halifax, NS B3J 3J9 Attention: FOI Officer Telephone: (902) 424-7768</p>
<p>Northwest Territories</p> <p>Government of the Northwest Territories P.O. Box 1320 Yellowknife, NWT X1A 2L9 Attention: Deputy Registrar of Securities Telephone: (867) 920-8984</p>	<p>Nunavut</p> <p>Legal Registries Division Department of Justice Government of Nunavut P.O. Box 1000 Station 570 Iqaluit, NU X0A 0H0 Attention: Deputy Registrar of Securities Telephone: (867) 975-6190</p>
<p>Ontario</p> <p>Ontario Securities Commission Suite 1903, Box 55 20 Queen Street West Toronto, ON M5H 3S8 Attention: FOI Coordinator Telephone: (416) 593-8314</p>	<p>Prince Edward Island</p> <p>Securities Registry Office of the Attorney General B Consumer, Corporate and Insurance Services Division P.O. Box 2000 Charlottetown, PE C1A 7N8 Attention: Deputy Registrar of Securities Telephone: (902) 368-4569</p>
<p>Québec</p> <p>Commission des valeurs mobilières du Québec Stock Exchange Tower P.O. Box 246, 22nd Floor 800 Victoria Square Montréal, PQ H4Z 1G3 Attention: Responsable de l'accès à l'information Telephone: (514) 940-2150 or (800) 361-5072 (in Québec)</p>	<p>Saskatchewan</p> <p>Saskatchewan Securities Commission 800 B1920 Broad Street Regina, SK S4P 3V7 Attention: Director Telephone: (306) 787-5842</p>
<p>Yukon</p> <p>Department of Community Services Yukon P.O. Box 2703 Whitehorse, YU Y1A 2C6 Attention: Registrar of Securities Telephone: (867) 667-5225</p>	

**COMPANION POLICY 33-506CP
TO ONTARIO SECURITIES COMMISSION RULE 33-506
REGISTRATION INFORMATION**

PART 1 PURPOSE

- 1.1 Purpose** - The purpose of Ontario Securities Commission Rule 33-506 (*Commodity Futures Act*) ("Rule 33-506") is to consolidate and harmonize requirements regarding the initial submission of registration information and the updating of that information.

PART 2 BUSINESS LOCATIONS

- 2.1 Business Locations** - The Commission is of the view that a business location for a registered firm, or a person or company that is applying for registration, is a location within the jurisdiction, including a residence, where a firm's registered individuals are based for the purpose of carrying out registerable activity.

PART 3 NOTICE OF CHANGES

3.1 Bulk Transfer of Locations and Individuals

- (1) If a registered firm is acquiring a large number of business locations (for example, as a result of an amalgamation or asset purchase) from one or more other registered firms that are located in the same jurisdictions and registered in the same categories as the acquiring firm, and if a significant number of individuals are associated on NRD with the locations, the Commission will consider exempting the firms and individuals involved in the transaction from the following requirements:
1. the requirement to submit a notice regarding the termination of each employment, partner, or agency relationship under section 4.3 of Rule 33-506;
 2. the requirement to submit a notice regarding each individual who ceases to be a non-registered individual under section 5.2 of Rule 33-506;
 3. the requirement to submit a registration application for each individual applying to become a registered individual under section 2.2 of Rule 33-506;
 4. the requirement to submit a Form 33-506F4 for each non-registered individual under section 3.3 of Rule 33-506;
 5. the requirement under section 3.1 of Rule 33-506 to notify the regulator of a change to the business location information in Form 33-506F3.
- (2) In order to exempt the firms and individuals involved in the transaction from the requirements set out above, the application should include the following information:
- (a) the name and NRD number of the registered firm that will acquire control of the business locations;
 - (b) for each registered firm that is transferring control of the business locations,
 - (i) the name and NRD number of the registered firm;
 - (ii) the address and NRD number of each business location that is being transferred from the registered firm named in (b)(i) to the registered firm named in (a); and
 - (c) the date that the business locations will be transferred to the registered firm named in (a).
- (3) To facilitate the processing of the exemption application, the applicant may put the information referred to in subsection (2) in the form set out in Appendix A to this Companion Policy.
- (4) This exemption application should be submitted by the registered firm that will acquire control of the business locations at the closing of the transaction and should be submitted sufficiently in advance of the date on which the business locations are to be transferred (the "transfer date"). At this time, the Commission is of the view that submitting the application at least 30 days prior to the transfer date should be sufficient.

- (5) In addition to any application fee, it is likely that the payment of a fee will be a condition of this type of exemption order and that the fee will be related to the number of registered firms, business locations, registered individuals, and non-registered individuals involved in the transaction.
- (6) If the exemption is granted, as soon as practicable after the transfer date, the regulator will instruct the NRD administrator to indicate the transfer of the business locations, the registered individuals, and the non-registered individuals on NRD.
- (7) Bulk transfers involving firms that are registered in different categories or different jurisdictions may need to take additional steps. Firms involved in such a transaction should contact the applicable regulators to discuss what steps are required to allow the firms to use the bulk transfer process described above.

PART 4 DUE DILIGENCE

4.1 Sponsoring Firm Obligations - The Commission is of the view that the reasonable efforts firms are required to undertake in Part 6 of Rule 33-506 include

- (a) establishing written policies and procedures relating to the investigation of an individual prior to submitting a Form 33-506F4 on behalf of the individual, and
- (b) ensuring that the review of an individual pursuant to these policies and procedures is documented.

PART 5 SECURITIES ACT SUBMISSIONS

5.1 If a person or company is required to make a submission under both Multilateral Instrument 33-109 and Rule 33-506 with respect to the same information, the Commission is of the view that a single filing on a form required under either rule satisfies both requirements.

Appendix A

Request for NRD Bulk Transfer of Business Locations

This is an application for exemption under Ontario Securities Commission Rule 33-506 (*Commodity Futures Act*).

A) Registered firm that will acquire the business locations

Name:

Firm NRD number:

B) Registered firm transferring the business locations

Name:

Firm NRD number:

Business locations that will be transferred

Address of business location:

NRD number of business location:

Address of business location:

NRD number of business location:

(Repeat for each business location as necessary.)

C) Date that business locations will be transferred:

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds issuers and other parties relying on exemptions that they are responsible for the completeness, accuracy, and timely filing of Forms 45-501F1 and 45-501F2, and any other relevant form, pursuant to section 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>
18-Oct-2002	Cotyledon Capital Inc. The Band of Scoundrels Investment Partnership 1	1445806 Ontario Inc. dba Vector Innovations - Preferred Shares	200,000.00	465,116.00
31-Oct-2002	Joan Stevens;Mark Wilkins	AGII RRSP Growth Fund - Units	7,561.78	1,196.00
31-Oct-2002	Alternum Capital	Alternum Capital - Global Health Sciences Hedge Fund - Limited Partnership Units	1,410.39	3.00
31-Oct-2002	6 Purchasers	Alternum Capital - North American Value Hedge Fund - Limited Partnership Units	2,625.30	6.00
15-Sep-2002	N/A	Analytic US Market Neutral Offshore, LTD - Shares	9,999,988.00	97,393,627.00
01-Nov-2002	National Bank Financial Inc.	Apollo Trust - Bonds	1,500,000.00	1.00
31-Oct-2002	7 Purchasers	Arcamatrix Corporation - Convertible Debentures	282,000.00	304,000.00
28-Aug-2002	N/A	Ardesic Corporation - Shares	49,227,313.00	49,227,313.00
01-Oct-2002	EDS	Bank of Ireland Asset Management Limited - Units	118,829.00	13,474.00
11-Oct-2002	William and Patricia McDermott	BPI Global Opportunites III Fund - Units	150,000.00	1,873.00
11-Oct-2002	Adly Banoub	BPI Global Opportunites III RSP Fund - Units	25,000.00	292.00
24-Oct-2002	3 Purchasers	Broadview Press Inc. - Units	48,630.60	270,170.00
22-Oct-2002	4 Purchasers	Canadian Golden Dragon Resources Ltd. - Common Shares	4,000.00	50,000.00
30-Oct-2002	3 Purchasers	CanAlaska Ventures Ltd. - Common Shares	2,800.00	10,000.00

Notice of Exempt Financings

29-Jul-2002	10 Purchasers	Canmine Resources Corporation - N/A	33,642.00	152,460.00
31-Oct-2002	9 Purchasers	Case Resources Inc. - Common Shares	970,100.30	1,492,462.00
19-Aug-2002	3 Purchasers	ChannelWave Software, Inc. - Shares	440,464.50	293,643.00
24-Oct-2002	Hugh L MacKinnon	Christian History Project Limited Partnership - Limited Partnership Units	19,000.00	19.00
01-Oct-2002	CIBC World Markets Inc.	CIBC Employee Private Equity Fund (Canada) I, L.P. - Limited Partnership Interest	249,439.74	157,276.00
05-May-2002	17 Purchasers	Clancy Funding (2001) Inc. - Units	430,000.00	430,000.00
28-Aug-2002	N/A	Cogency Semiconductor Inc. - Shares	4,036,162.00	1,600,000.00
31-Oct-2002	8 Purchasers	Compressario Corporation - Common Shares	617,333.30	4,583,333.00
18-Jul-2002	NA	Crispin Energy Inc. - Flow-Through Shares	462,000.00	1,400,000.00
01-Nov-2002	7 Purchasers	DeltaOne Capital Partners Corp. - Limited Partnership Units	425,000.00	425.00
23-Oct-2002	6 Purchasers	Diamondex Resources Ltd. - Units	1,605,001.50	2,073,335.00
28-Aug-2002	N/A	DragonWave Inc. - Preferred Shares	1,547,818.00	1,666,667.00
15-Oct-2002	N/A	DR Residential Mortgage Trust - Notes	10,000,000.00	10,000,000.00
10-Jul-2002	McCarvill Corporation	DXStorm.com Inc. - Common Shares	0.00	100,000.00
28-Oct-2002	24 Purchasers	EAGC Ventures Corp. - Special Warrants	9,997,800.40	7,141,286.00
01-Jul-2001 6/1/02	TD Asset Management Inc.	Emerald Balanced Fund - N/A	0.00	13,707,578.00
01-Jul-2001 6/1/02	TD Asset Management Inc.	Emerald Canadian 300 "Capped" Pooled Fund Trust - N/A	0.00	366,315.00
01-Jul-2001 6/1/02	TD Asset Management Inc.	Emerald Canadian Bond Fund - N/A	0.00	98,458,703.00
01-Jul-2001 6/1/02	TD Asset Management Inc.	Emerald Canadian Equity Fund - N/A	0.00	48,958,544.00
01-Jul-2001 6/1/02	TD Asset Management Inc.	Emerald Canadian Large Cap Pooled Fund Trust - N/A	0.00	28,193,124.00

Notice of Exempt Financings

01-Jul-2001 6/1/02	TD Asset Management Inc.	Emerald Canadian Long Bond Pooled Fund Trust - N/A	0.00	2,915,248.00
01-Jul-2001 6/1/02	TD Asset Management Inc.	Emerald Canadian Short Term Investment Fund - N/A	0.00	14,310,541.00
01-Jul-2001 6/1/02	TD Asset Management Inc.	Emerald Global Equity Pooled Fund Trust - N/A	0.00	2,981,597.00
01-Jul-2001 6/1/02	TD Asset Management Inc.	Emerald International Equity Index Fund - N/A	0.00	9,644,797.00
01-Jul-2001 6/1/02	TD Asset Management Inc.	Emerald U.S. Enhanced Equity Pooled Fund Trust I - N/A	0.00	30,246,067.00
01-Jul-2001 6/1/02	TD Asset Management Inc.	Emerald U.S. Market Index Fund - N/A	0.00	16,334,795.01
22-Aug-2002	Cruickshank Construction Ltd.;Bradley N. Ross	Esponsive Communications Corporation - Shares	226,668.00	1,665,160.00
31-Oct-2002	Sun Life Assurance Company of Canada;Clarica Life Insurance Company	Falls Management Company - Notes	20,000,000.00	20,000,000.00
19-Dec-2001 9/30/02	95 Purchasers	First Horizon Holdings Ltd. - Shares	7,043,822.86	121,828.00
19-Dec-2002 9/30/02	476 Purchasers	First Horizon Holdings Ltd. - Shares	60,330,916.13	4,960,818.00
16-Jul-2002	292 Purchasers	Francisco Gold Corp. - Units	0.00	16,673,425.00
28-Oct-2002	Anglo Alaska Gold Corp.	Freegold Ventures Limited - Units	336,000.00	800,000.00
16-Oct-2002	N/A	Garrison Road, Inc. - Bonds	625,000.00	1.00
31-Oct-2002	5 Purchasers	Gold Giant Ventures Inc. - Units	194,999.40	2,349,993.00
28-Oct-2002	Ardesic Corporation	GotCompany.com Inc. - Preferred Shares	238,700.00	2,092.00
29-Oct-2002	GATX/MM VENTURE FINANCE PARTNERSHIP	GotCompany.com Inc. - Warrants	1.00	1.00
21-Aug-2002	N/A	Greydanus American Fund - Units	312,000.00	21,910.00
01-Aug-2002	Diane Tucker	Hedley Technologies Inc. - Common Shares	2,500.00	25,000.00
03-Mar-2001 9/21/01	3 Purchasers	Hirsch Performance Fund - Units	465,533.17	39,346.00
30-Nov-2001 12/31/02	12 Purchasers	iperform Gabelli Global Fund - Units	2,319,034.13	27,263.00
16-Mar-2001 11/16/01	55 Purchasers	iperform Gabelli Global Fund - Units	8,862,165.11	1,498,588.00
31-Oct-2001 11/30/01	7 Purchasers	iPerform American Focus Fund - Units	1,760,000.00	17,552.00

Notice of Exempt Financings

30-Nov-2001	15 Performance	iPerform American Focus Fund - Units	2,216,843.64	21,847.00
01-Dec-2001	28 Purchasers	iPerform Canadian Opportunities Fund - Units	3,346,175.70	27,199.00
20-Apr-2001 11/23/01	151 Purchasers	iPerform Canadian Opportunities Fund - Units	18,314,404.99	155,772.00
20-Apr-2001 10/5/01	20 Purchasers	iPerform Select Leaders Fund - Units	2,989,505.17	28,924.00
20-Nov-2001 12/21/01	9 Purchasers	iPerform Select Leaders Fund - Units	1,076,973.87	10,910.12
20-Apr-2001 10/19/01	15 Purchasers	iPerform Silicon Valley Fund - Units	1,267,835.05	13,941.00
30-Nov-2001 12/31/01	3 Purchasers	iPerform Silicon Valley Fund - Units	988,125.00	10,458.00
28-Oct-2002	3 Purchasers	IE-Engine Inc. - Preferred Shares	3,542,230.57	10,902,341.00
01-Nov-2002	7 Purchasers	IPC US Income Commercial Real Estate Investment Trust - Special Warrants	16,183,700.00	1,534,000.00
11-Oct-2002	BMO Nesbitt Burns Emplpyee Co-Investment Fund I (Canada) L.P.	Jefferson Partners Fund IV, L.P. - Limited Partnership Interest	8,061.22	515,808.00
20-Jan-2002	N/A	J.P. Morgan Multi - Strategy Fund, Ltd. - Units	25,000,000.00	25,000.00
21-Oct-2002	Canadian Pension Plan Investment Board	J.P. Morgan Partners Global Investors A, L.P. - Limited Partnership Interest	156,695,157.00	1.00
17-Oct-2002	Judith Fisher;Keith Purchase	KBSH Private - Global Leading Fund - Units	250,000.00	31,807.00
17-Oct-2002	Judith Fisher;Keith Purchase	KBSH Private - Money Market - Units	650,000.00	65,000.00
30-Oct-2002	Gerald Geoffrey	KBSH Private - Money Market - Units	149,000.00	14,900.00
25-Oct-2002	John Lien Medical Corp.	KBSH Private - Special - Units	25,000.00	1,993.00
25-Oct-2002	John Lien Medical Corp.	KBSH Private - U.S. Equity - Units	37,500.00	2,930.00
04-Nov-2002	6 Purchasers	KeyWest Energy Corporation - Special Warrants	5,755,777.50	2,093,010.00
29-Oct-2002	Rivietz;Joe;Boak;Robertson	Kingwest Avenue Portfolio - Units	484,700.00	28,239.00
17-Oct-2002	N/A	Kroes Energy Inc. - Common Shares	0.00	410,000.00
04-Oct-2002	4 Purchasers	Landmark Global Opportunities Fund - Units	261,886.15	2,382.00

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11-Oct-2002	5 Purchasers	Landmark Global Opportunities Fund - Units	302,326.32	2,762.00
04-Oct-2002	Maurice Wrightman;Michael Khalil	Landmark Global Opportunities RSP Fund - Units	35,136.60	344.00
11-Sep-2002	GATX/MM Venture Finance partnership	Le Groupe Amphi-Tech International Inc. - Shares	1,500,000.00	1.00
31-Jul-2002	N/A	Legion Strategies, Ltd. - N/A	184,534.00	316,580.00
25-Jul-2002	N/A	L.E.H VENTURES LTD. - Units	142,000.00	550,000.00
25-Sep-2002	N/A	Makah Energy Corporation - Common Shares	0.00	1,813,282.00
17-Oct-2002 10/24/02	TD Asset Management Inc.;Dundee Precious Metals Inc.	Manhattan Minerals Corp. - Units	1,700,000.00	1,700.00
09-Jul-2002	David William Luton	Maverick Minerals Corporation - Units	30,900.00	100,000.00
25-Oct-2002	Mnjikaning First Nation	Medcan Health Management Inc. - Preferred Shares	750,000.00	750.00
11-Oct-2002	Patrick Kiely	Microsource Online, Inc. - Common Shares	3,000.00	500.00
18-Oct-2002	Wally Speckert	Microsource Online, Inc. - Common Shares	3,000.00	500.00
18-Oct-2002	Fred Ng	Microsource Online, Inc. - Common Shares	48,000.00	8,000.00
30-Oct-2002	Gino Paolone	Microsource Online, Inc. - Common Shares	1,800.00	300.00
30-Oct-2002	Victor Boutin	Microsource Online, Inc. - Common Shares	3,000.00	500.00
30-Oct-2002	Emma Winter	Microsource Online, Inc. - Common Shares	4,800.00	800.00
30-Oct-2002	Leo Klein	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
30-Oct-2002	Eric Czupryna	Microsource Online, Inc. - Common Shares	1,200.00	200.00
30-Oct-2002	Kevin Drensek	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
04-Nov-2002	Marvin Roberts	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
05-Nov-2002	Ken Frost	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
29-Oct-2002	John Kyriacou	North Atlantic Publishing Inc. - Common Shares	30,000.00	90.00

Notice of Exempt Financings

01-Nov-2002	6 Purchasers	Nova Growth Corp. - Common Shares	1,512,000.00	12,560,000.00
28-Aug-2002	N/A	Novx Systems Canada Inc. - Preferred Shares	2,062,927.00	7,330,000.00
29-Aug-2002	N/A	Nu-Sky Energy Inc. - Common Shares	0.00	6,000.00
03-Sep-2002	N/A	OnX Enterprise Solutions Inc. - Units	0.00	14,531,250.00
25-Mar-2002 7/22/02	15 Purchasers	Prescott Paper Products (USA), Inc. - Common Shares	571,832.00	8,169,029.00
29-Jul-2002	N/A	Private Client International Equity Fund - N/A	170,955.58	18,559.00
28-Aug-2002	N/A	Proximion Fiber Optics AB - Preferred Shares	4,125,854.00	205,500.00
01-Nov-2002	Clarica Life Insurance	QSPE-VFC Trust II - Notes	1,250,000.00	1.00
30-Sep-2002	N/A	Queenstake Resources Ltd. - N/A	234,840.00	978,500.00
23-Oct-2002	7 Purchasers	Ranchgate Oil and Gas Limited - Special Warrants	3,149,998.00	2,545,453.00
26-Sep-2002	N/A	RBC Global Investment Management Inc. - N/A	0.00	0.00
30-Sep-2002	Absolute Return Concepts Fund	RBC Global Investment Management Inc. - Units	204,000.00	1,991.00
31-Jul-2002	N/A	RBC Global Investment Management Inc. - Units	241,000.00	2,382.00
21-May-2002	N/A	Real Assets Investment Management Inc. - N/A	460,350.00	45,000.00
09-Sep-2002	N/A	ReBASE Corporation - Common Shares	0.00	20,834.00
15-Oct-2002	N/A	ReBASE Corporation - Common Shares	0.00	8,889.00
22-May-2002	N/A	ReBASE Corporation - Common Shares	0.00	5,000.00
28-Jun-2002	N/A	ReBASE Corporation - Common Shares	0.00	41,667.00
05-Jul-2002	N/A	ReBASE Corporation - Common Shares	0.00	13,333.00
05-Jul-2002	N/A	ReBASE Corporation - Common Shares	0.00	10,000.00
05-Jul-2002	N/A	ReBASE Corporation - Common Shares	0.00	3,333.00

Notice of Exempt Financings

25-Jul-2002	N/A	ReBASE Corporation - Common Shares	0.00	31,374.00
25-Jul-2002	N/A	ReBASE Corporation - Common Shares	0.00	30,000.00
25-Jul-2002	N/A	ReBASE Corporation - Common Shares	0.00	112,047.00
25-Jul-2002	N/A	ReBASE Corporation - Common Shares	0.00	112,047.00
25-Jul-2002	N/A	ReBASE Corporation - Common Shares	0.00	112,047.00
25-Jul-2002	N/A	ReBASE Corporation - Common Shares	0.00	120,000.00
15-Aug-2002	N/A	ReBASE Corporation - Common Shares	0.00	41,500.00
21-Oct-2002	N/A	Sabina Resources Limited - Units	170,000	1,700,000
31-Oct-2002	1530403 Ontario Inc.;Billidan Family Trust	San Telmo Energy Ltd. - Common Shares	72,000.00	600,000.00
28-Aug-2002	N/A	Sandvine Incorporated - Preferred Shares	2,018,081.00	14,292,520.00
28-Oct-2002	Credit Suisse First Boston Canada	SHELS I Issuerco Ltd. - Debentures	39,000,000.00	39,000,000.00
28-Aug-2002	N/A	SiberCore Technologies Incorporated - Common Shares	773,909.00	1,714,285.00
25-Oct-2002	National Bank Financial Inc.	The Trust Company of Bank of Montreal - Certificate	250,000,000.00	1.00
25-Oct-2002	National Bank Trust Inc.	The Trust Company of Bank of Montreal - Certificate	250,000,000.00	1.00
25-Oct-2002	National Bank Trust Inc.	The Trust Company of Bank of Montreal - Certificate	250,000,000.00	1.00
24-Oct-2002	3 Purchasers	Torquest Partners Value Fund, L.P. - Limited Partnership Units	11,300,000.00	113.00
04-Oct-2002	Maurice Wrightman	Trident Global Opportunities Fund - Units	114,931.76	1,078.00
11-Oct-2002	3 Purchasers	Trident Global Opportunities Fund - Units	75,000.00	710.00
11-Oct-2002	Donald Mcluckie;Barbara Hanson	Trident Global Opportunities RSP Fund - Units	44,489.89	449.00
11-Oct-2002	N/A	TutorsEdge Inc. - Preferred Shares	0.00	3,000,000.00
01-Apr-2002	N/A	UBS (Canada) American Equity Fund - Units	10,368,335.00	686,805.00

Notice of Exempt Financings

01-Apr-2002	N/A	UBS (Canada) Bond Fund - Units	4,310,204.00	128,274.00
01-Apr-2002 6/30/02	N/A	UBS (Canada) Bond Fund - Units	8,501,840.00	986,230.00
01-Apr-2002 6/30/02	N/A	UBS (Canada) Canada Plus Equity Fund - Units	12,313,597.00	841,043.00
01-Apr-2002 6/30/02	N/A	UBS (Canada) Canadian Equity Fund - Units	4,923,629.00	596,994.00
01-Apr-2002 6/30/02	N/A	UBS (Canada) Canadian Equity Fund - Units	47,230,369.00	514,116.00
01-Apr-2002 6/30/02	N/A	UBS (Canada) Canadian Income Fund - Units	172,001.00	17,337.00
01-Apr-2002 6/30/02	N/A	UBS (Canada) Diversified Fund - Units	6,912,478.00	429,136.00
01-Apr-2002 6/30/02	N/A	UBS (Canada) Emerging Tech Fund - Units	30,706.00	6,930.00
01-Apr-2002 6/30/02	N/A	UBS (Canada) Global Bond Fund - Units	227,733.00	22,065.00
01-Apr-2002 6/30/02	N/A	UBS (Canada) Global Equity Fund - Units	1,190,549.00	95,351.00
01-Apr-2002 6/30/02	N/A	UBS (Canada) GOC Money Market Fund - Units	2,205,000.00	220,500.00
01-Apr-2002 6/30/02	N/A	UBS (Canada) International Equity Fund - Units	23,708,838.00	507,835.00
01-Apr-2002 6/30/02	N/A	UBS (Canada) Money Market Fund - Units	66,415,714.00	6,641,571.00
01-Apr-2002 6/30/02	N/A	UBS (Canada) Small Cap Fund - Units	2,855,733.00	170,146.00
01-Apr-2002 6/28/02	N/A	UBS (Canada) U.S. Equity Growth Fund - Units	31,734,310.00	515,657.00
19-Aug-2002	N/A	Verena Minerals Corporation - Units	42,500.00	250,000.00
22-Oct-2002	6 Purchasers	Virtus Energy Inc. - Flow-Through Shares	964,920.00	1,748,200.00
28-Aug-2002	N/A	ViXS Systems Inc. - Shares	13,568,848.00	23,591,067.00
01-Nov-2002	John A Plaxton	Wmode Inc. - Shares	25,000.00	16,667.00
28-Aug-2002	N/A	Zerokelvin Software Inc. - Preferred Shares	3,000,100.00	3,000,100.00
25-Oct-2002	J.T.risty Enterprises Ltd.	ZTEST Electronics Inc. - Convertible Debentures	65,000.00	35,000.00

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>
30-Oct-2002	Imaging Dynamics Company Ltd.	Imaging Dynamics Company Ltd. - Common Shares	657,895.00	

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>
Douglas Vanderkerkove	ACD Systems International Inc. - Common Shares	20,000.00
MacKay Shields LLC	Algoma Steel Inc. - Common Shares	4,260,876.00
Scanfield Holdings Limited	Arbor Memorial Services Inc. - Shares	13,856.00
Matthews-Cartier Holdings Limited	Canfor Corporation - Common Shares	926,990.00
Matthews-Cartier Holdings Limited	Canfor Corporation - Common Shares	926,990.00
Larry Melnick	Champion Natural Health.com Inc. - Shares	29,900.00
Anthony Korculanic	Digital Rooster.com Inc. - Common Shares	2,500,000.00
John A. van Arem	Digital Rooster.com Inc. - Common Shares	2,500,000.00
John H. Kruzick	DRC Resoures Corporation - Common Shares	404,900.00
Rita L. Cohen	Gendis Inc. - Common Shares	31,740.00
Mustang Minerals Corp.	JML Resources Ltd. - Common Share Purchase Warrant	500,000.00
Mustang Minerals Corp.	JML Resources Ltd. - Common Shares	8,368,832.00
Kalimantan Investment Corporation	Kalimantan Gold Corporation Limited - Common Shares	500,000.00
Kalimantan Investment Corporation	Kalimantan Gold Corporation Limited - Common Shares	2,500,000.00
Emilia von Anhalt	Lydia Diamond Explorations of Canada Ltd. - Common Shares	140,000.00
Susan M. S. Gastle	Microbix Biosystems Inc. - Common Shares	235,000.00
William J. Gastle	Microbix Biosystems Inc. - Common Shares	495,000.00
Windarra Minerals Ltd.	Mishibishu Gold Corporation - Common Shares	4,000,000.00
Andrew J. Malion	Spectra Inc. - Common Shares	400,000.00
Michael R. Faye	Spectra Inc. - Common Shares	60,000.00
Thomas V. Hinke	Thermal Energy International Inc. - Common Shares	2,000,000.00

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Chapter 9

Legislation

9.1.1 Notice of Proposed Amendments to the Securities Act and Commodity Futures Act

NOTICE OF PROPOSED AMENDMENTS TO THE SECURITIES ACT AND COMMODITY FUTURES ACT

On October 30, 2002, proposed amendments to the *Securities Act* and the *Commodity Futures Act* were introduced by the Minister of Finance as part of the Government's Fall 2002 Budget Bill. The proposed amendments are included in Bill 198, *Keeping the Promise for a Strong Economy Act (Budget Measures), 2002*.

The proposed amendments are not yet in effect. When, and if, the Budget Bill receives Royal Assent, the proposed *Securities Act* and *Commodity Futures Act* amendments are proposed to come into force on a day to be named by proclamation of the Lieutenant Governor.

The proposed amendments to the *Securities Act* and *Commodity Futures Act* are intended to bolster the protection of Ontario investors and improve investor confidence in the integrity of Ontario's capital markets. Generally, the proposed amendments are aimed at improving transparency and disclosure, strengthening corporate governance, and broadening the sanctions and remedies available to the Commission and investors for violations of securities law. Many of the amendments are based on the recommendations contained in the May 2002 Draft Report of the Minister of Finance's Five Year Review Committee, chaired by Purdy Crawford.¹ Part of the Five Year Review Committee's mandate was to ensure that securities legislation in Ontario is up to date and enables the Commission to proactively enforce clear standards to protect investors and foster a fair and efficient marketplace.

Among the most significant changes being proposed to the *Securities Act* are amendments to:

- Enshrine in the legislation the concept of reviews of the continuous disclosure record of a reporting issuer.
- Increase the maximum penalties that can be imposed by the court for offences under section 122 of the *Securities Act* from a fine of \$1 million and imprisonment for two years to a fine of \$5 million and imprisonment for five years less a day.
- Create express prohibitions against securities fraud, market manipulation and making misleading or untrue statements.

¹ See (2002) 25 OSCB (Supp).

- Give the Commission the power to impose an administrative fine of up to \$1 million where there has been non-compliance with Ontario securities law.
- Give the Commission the power to order a person or company to disgorge amounts obtained as a result of non-compliance with Ontario securities law.
- Create a statutory right of action for investors in the secondary market to sue companies and other responsible persons for misrepresentations (written or oral) or a failure to make timely disclosure.²
- Give the Commission rule making authority to require reporting issuers to appoint audit committees and to prescribe requirements relating to the functions and responsibilities of audit committees, including independence requirements.
- Give the Commission rule making authority to require reporting issuers to establish and maintain internal controls and disclosure controls and procedures and requiring chief executive officers and chief financial officers to provide certifications related to internal controls and to disclosure controls and procedures. The Commission's current rule making authority would permit it to address other aspects of the certification regime as appropriate.

Parallel amendments are also being proposed, where appropriate, to the *Commodity Futures Act*.

The relevant portions of Bill 198 are reprinted below and may also be viewed on the Ontario Legislative Assembly's

² The proposed civil liability regime is based on the draft legislation previously published by the Canadian Securities Administrators (the "CSA") in November 2000. The CSA's draft legislation arose out of the CSA's review and support of The Toronto Stock Exchange Committee on Corporate Disclosure's (the "Allen Committee") final report issued in March 1997. The Allen Committee made a number of recommendations in this report including that a statutory civil liability regime be created whereby issuers and others responsible for misleading disclosure could be held liable in civil actions brought by injured investors to recover their damages. For more information also see CSA Notice 53-302 *Proposal for a Statutory Civil Remedy for Investors in the Secondary Market and Response to the Proposed Change to the Definitions of "Material Fact" and "Material Change"* ((2000) 23 OSCB 7383).

web site at www.ontla.on.ca and the Commission's web site at www.osc.gov.on.ca.

Questions may be referred to either of:

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9.1.2 Proposed Amendments to the Securities Act and Commodity Futures Act

Keeping the Promise for a Strong Economy Act (Budget Measures), 2002

EXPLANATORY NOTE

The Bill implements measures contained in the 2002 Budget and other initiatives of the Government. The major elements of the Bill are described below.

PART III COMMODITY FUTURES ACT

The maximum penalties for offences under the *Commodity Futures Act* are increased from a fine of \$1 million and imprisonment for two years to a fine of \$5 million and imprisonment for five years less a day. (See the amendments to section 55 of the Act.)

If a person or company fails to comply with Ontario commodity futures law, the Ontario Securities Commission is given power to order the payment of an administrative penalty of up to \$1 million and to order the disgorgement of amounts obtained as a result of the non-compliance. (See the amendments to section 60 and subsection 65 (2) of the Act and the new section 60.5 of the Act.)

The amendments prohibit engaging in acts that a person or company knows or reasonably ought to know perpetrate a fraud or result in a misleading appearance of trading activity in, or an artificial price for, a commodity, commodity futures contract or commodity futures option. The amendments also contain a general prohibition on making statements that a person or company knows or reasonably ought to know are misleading or untrue and significantly affect, or would reasonably be expected to have a significant effect on, the market price or value of a commodity, commodity futures contract or commodity futures option. (See the new sections 59.1 and 59.2 of the Act.)

PART XXVII SECURITIES ACT

The maximum penalties for offences under the *Securities Act* are increased from a fine of \$1 million and imprisonment for two years to a fine of \$5 million and imprisonment for five years less a day. (See the amendments to section 122 of the Act.)

If a person or company fails to comply with Ontario securities law, the Ontario Securities Commission ("OSC") is given power to order the payment of an administrative penalty of up to \$1 million and to order the disgorgement of amounts obtained as a result of the non-compliance. (See the amendments to section 127 and subsections 3.4 (2) and 143 (2) of the Act and the new section 129.2 of the Act.)

The amendments prohibit engaging in acts that a person or company knows or reasonably ought to know perpetrate a fraud or result in a misleading appearance of trading activity in, or an artificial price for, a security. The amendments also contain a general prohibition on making statements that a person or company knows or reasonably ought to know are misleading or untrue and significantly affect, or would reasonably be expected to have a significant effect on, the market price or value of a security. (See the new sections 126.1 and 126.2 of the Act.)

The OSC is authorized to conduct reviews of disclosures that have been made or that ought to have been made by a reporting issuer or mutual fund. (See the new section 20.1 of the Act.)

The OSC is given power to make rules requiring the appointment of and prescribing requirements for audit committees, requiring systems of internal controls, requiring disclosure controls and procedures, requiring chief executive officers and chief financial officers to provide certifications related to internal controls and to disclosure controls and procedures, and defining auditing standards for reporting on internal controls. (See the amendments to subsection 1 (1.1) and 143 (1) of the Act.)

The Act is amended to add new Part XXIII.1 which provides for civil liability for secondary market disclosure. Specified transactions are exempted from the new Part. Related amendments are made to section 1 (definitions), section 75 (duty to disclose material changes), section 142 (Crown liability) and section 143 of the Act (the OSC's authority to make rules).

In the new Part, rights of action are created in section 138.3. These rights of action are in addition to any rights that may otherwise exist. (See the new section 138.13 of the Act.)

The rights of action created by section 138.3 include a right of action for damages by persons or companies who acquire or dispose of the securities of a responsible issuer during a period of time in which there is an uncorrected misrepresentation in a document released by the responsible issuer or by a person with actual, implied or apparent authority, or in a public oral statement by such a person or by an influential person (a defined expression) relating to the affairs of the responsible issuer. The right of action is given to persons or companies acquiring or disposing of the securities of the responsible issuer between the time the misrepresentation was made and the time it was publicly corrected.

Section 138.3 also creates a right of action for damages by persons or companies who acquire or dispose of an issuer's security during a period in which a responsible issuer fails to make a timely disclosure of a material change. The period ends when the responsible issuer makes the required disclosure.

These rights of action lie against specified persons and companies in the circumstances described in the section: (1) the responsible issuer; (2) the person

making the public oral statement; (3) each director or officer of the responsible issuer; (4) an influential person; (5) each director or officer of the influential person; and (6) each expert (a defined word). Section 138.3 relieves directors and officers of influential persons from liability under this section if they are also liable as directors or officers of a responsible issuer.

The liability of each of these persons or companies is limited under the new Part. The liability limit for each of them is specified in the definition of "liability limit" in section 138.1.

The court is permitted to treat multiple misrepresentations or multiple instances of failure to make timely disclosure as a single misrepresentation or single failure to make timely disclosure, respectively, if the multiple misrepresentations or multiple failures have a common subject matter or if the multiple misrepresentations have a common content. Section 138.3 also limits liability in situations where the public oral statement was made by a person who has apparent authority but who does not have actual or implied authority.

In the new Part, section 138.4 sets out a plaintiff's burden of proof in a proceeding under section 138.3. It also sets out defences that are available in such a proceeding.

Sections 138.5 to 138.7 in the new Part govern awards of damages in proceedings under section 138.3. Section 138.5 describes the manner in which damages are to be assessed. Section 138.6 describes how the damages are to be allocated among defendants. Section 138.7 limits the damages payable by a person or company.

Procedural matters are addressed in the new sections 138.8 to 138.14. Section 138.14 sets out the limitation periods that apply to proceedings under section 138.3. A proceeding cannot be commenced without leave of the court. Section 138.9 requires the plaintiff to issue a news release upon being given leave to commence the proceeding, and to give the news release and other documents to the OSC. Section 138.10 specifies that a proceeding cannot be discontinued, stayed, settled or dismissed for delay without leave of the court. It also specifies the matters that the court is required to consider when approving a settlement.

PART III COMMODITY FUTURES ACT

10. (1) Subsection 55 (1) of the *Commodity Futures Act*, as re-enacted by the Statutes of Ontario, 1999, chapter 9, section 39, is amended by striking out the portion after clause (c) and substituting the following:

is guilty of an offence and on conviction is liable to a fine of not more than \$5 million or to imprisonment for a term of not more than five years less a day, or to both.

(2) Subsection 55 (3) of the Act, as re-enacted by the Statutes of Ontario, 1999, chapter 9, section 39, is amended by striking out “to a fine of not more than \$1,000,000 or to imprisonment for a term of not more than two years, or to both” at the end and substituting “to a fine of not more than \$5 million or to imprisonment for a term of not more than five years less a day, or to both”.

11. The Act is amended by adding the following sections:

Fraud and market manipulation

59.1 A person or company shall not, directly or indirectly, engage or participate in any act, practice or course of conduct relating to commodities or contracts that the person or company knows or reasonably ought to know,

- (a) results in or contributes to a misleading appearance of trading activity in, or an artificial price for, a commodity or contract; or
- (b) perpetrates a fraud on any person or company.

Misleading or untrue statements

59.2 A person or company shall not make a statement that the person or company knows or reasonably ought to know,

- (a) in a material respect and at the time and in the light of the circumstances under which it is made, is misleading or untrue or does not state a fact that is required to be stated or that is necessary to make the statement not misleading; and
- (b) significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of a commodity or contract.

12. (1) Subsection 60 (1) of the Act, as re-enacted by the Statutes of Ontario, 1999, chapter 9, section 41, is amended by adding the following paragraphs:

- 9. If a person or company has not complied with Ontario commodity futures law, an order requiring the person or company to pay an administrative penalty of not more than \$1 million for each failure to comply.
- 10. If a person or company has not complied with Ontario commodity futures law, an order requiring the person or company to disgorge to the Commission any amounts obtained as a result of the non-compliance.

(2) Section 60 of the Act, as re-enacted by the Statutes of Ontario, 1999, chapter 9, section 41, is amended by adding the following subsection:

Disgorgement order

(2.1) A person or company is not entitled to participate in a proceeding in which an order may be made under paragraph 10 of subsection (1) solely on the basis that the person or company has a right of action against the respondent to the proceeding or the person or company may be entitled to receive any amount disgorged under the order.

13. Part XIII of the Act is amended by adding the following section:

Directors and officers

60.5 For the purposes of this Act, if a company or a person other than an individual has not complied with Ontario commodity futures law, a director or officer of the company or person who authorized, permitted or acquiesced in the non-compliance shall be deemed to also have not complied with Ontario commodity futures law, whether or not any proceeding has been commenced against the company or person under Ontario commodity futures law or any order has been made against the company or person under section 60.

14. Subsection 65 (2) of the Act, as enacted by the Statutes of Ontario, 1999, chapter 9, section 47, is amended by adding the following clause:

- (a.1) the administration and distribution of amounts disgorged under paragraph 10 of subsection 60 (1);

Commencement

15. (1) Subject to subsection (2), this Part comes into force on the day this Act receives Royal Assent.

Same

(2) Sections 10 to 14 come into force on a day to be named by proclamation of the Lieutenant Governor.

PART XXVII SECURITIES ACT

190. (1) Subsection 1 (1) of the *Securities Act*, as amended by the Statutes of Ontario, 1994, chapter 11, section 349, 1994, chapter 33, section 1, 1997, chapter 19, section 23, 1999, chapter 6, section 60, 1999, chapter 9, section 193 and 2001, chapter 23, section 209, is amended by adding the following definitions:

“investment fund” means a mutual fund or a non-redeemable investment fund; (“fonds d’investissement”)

“investment fund manager” means a person or company who has the power and exercises the

responsibility to direct the affairs of an investment fund; (“gestionnaire de fonds d’investissement”)

a similar capacity is probable, or

(2) The definitions of “material change”, “material fact” and “mutual fund” in subsection 1 (1) of the Act are repealed and the following substituted:

(C) by senior management of the investment fund manager of the issuer who believe that confirmation of the decision by the board of directors of the investment fund manager of the issuer or such other persons acting in a similar capacity is probable; (“changement important”)

“material change”,

(a) when used in relation to an issuer other than an investment fund, means,

(i) a change in the business, operations or capital of the issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the issuer, or

(ii) a decision to implement a change referred to in subclause (i) made by the board of directors or other persons acting in a similar capacity or by senior management of the issuer who believe that confirmation of the decision by the board of directors or such other persons acting in a similar capacity is probable, and

(b) when used in relation to an issuer that is an investment fund, means,

(i) a change in the business, operations or affairs of the issuer that would be considered important by a reasonable investor in determining whether to purchase or continue to hold securities of the issuer, or

(ii) a decision to implement a change referred to in subclause (i) made,

(A) by the board of directors of the issuer or the board of directors of the investment fund manager of the issuer or other persons acting in a similar capacity,

(B) by senior management of the issuer who believe that confirmation of the decision by the board of directors or such other persons acting in

“material fact”, when used in relation to securities issued or proposed to be issued, means a fact that would reasonably be expected to have a significant effect on the market price or value of the securities; (“fait important”)

“mutual fund” includes,

(a) an issuer,

(i) whose primary purpose is to invest money provided by its security holders, and

(ii) whose securities entitle the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets, including a separate fund or trust account, of the issuer, or

(b) an issuer or a class of issuers that is designated as a mutual fund by an order of the Commission in the case of a single issuer or otherwise in a regulation which is made for the purposes of this definition,

but does not include an issuer or a class of issuer that is designated not to be a mutual fund by an order of the Commission in the case of a single issuer or otherwise in a regulation which is made for the purposes of this definition; (“fonds mutuel”)

(3) Subsection 1 (1.1) of the Act, as enacted by the Statutes of Ontario, 1994, chapter 33, section 1, is repealed and the following substituted:

Same

(1.1) For the purposes of this Act, the regulations and the rules, any of “derivatives”, “disclosure controls and

procedures”, “future-oriented financial information”, “going private transaction”, “insider bid”, “internal controls”, “non-redeemable investment fund”, “penny stocks”, “related party transactions” and “reverse take-overs” may be defined in the regulations or the rules and if so defined shall have the defined meaning.

191. Subsection 3.4 (2) of the Act, as enacted by the Statutes of Ontario, 1997, chapter 10, section 37, is repealed and the following substituted:

Exceptions

(2) The Commission shall pay into the Consolidated Revenue Fund money received by the Commission pursuant to an order under paragraph 9 or 10 of subsection 127 (1) of this Act or paragraph 9 or 10 of subsection 60 (1) of the *Commodity Futures Act* or as a payment to settle enforcement proceedings commenced by the Commission, other than money,

- (a) to reimburse the Commission for costs incurred or to be incurred by it; or
- (b) that is designated under the terms of the order or settlement for an allocation to or for the benefit of third parties that is approved by the Minister or that belongs to a class of allocations approved by the Minister.

192. Part VII of the Act is amended by adding the following section:

Continuous disclosure reviews

20.1 (1) The Commission or any member, employee or agent of the Commission may conduct a review of the disclosures that have been made or that ought to have been made by a reporting issuer or mutual fund in Ontario, on a basis to be determined at the discretion of the Commission or the Director.

Information and documents

(2) A reporting issuer or mutual fund in Ontario that is subject to a review under this section shall, at such time or times as the Commission or Director may require, deliver to the Commission or Director any information and documents relevant to the disclosures that have been made or that ought to have been made by the reporting issuer or mutual fund.

Freedom of Information and Protection of Privacy Act

(3) Despite the *Freedom of Information and Protection of Privacy Act*, information and documents obtained pursuant to a review under this section are exempt from disclosure under that Act if the Commission determines that the information and documents should be maintained in confidence.

Prohibition on certain representations

(4) A reporting issuer or mutual fund in Ontario, or any person or company acting on behalf of a reporting issuer or mutual fund in Ontario, shall not make any representation, written or oral, that the Commission has in

any way passed upon the merits of the disclosure record of the reporting issuer or mutual fund.

193. (1) Clauses 75 (3) (a) and (b) of the Act are repealed and the following substituted:

- (a) in the opinion of the reporting issuer, and if that opinion is arrived at in a reasonable manner, the disclosure required by subsection (2) would be unduly detrimental to the interests of the reporting issuer; or
- (b) the material change consists of a decision to implement a change made by senior management of the issuer who believe that confirmation of the decision by the board of directors is probable and senior management of the issuer has no reason to believe that persons with knowledge of the material change have made use of that knowledge in purchasing or selling securities of the issuer,

(2) Section 75 of the Act, as amended by the Statutes of Ontario, 1994, chapter 11, section 349, is amended by adding the following subsection:

Same

(5) Although a report has been filed with the Commission under subsection (3), the reporting issuer shall promptly generally disclose the material change in the manner referred to in subsection (1) upon the reporting issuer becoming aware, or having reasonable grounds to believe, that persons or companies are purchasing or selling securities of the reporting issuer with knowledge of the material change that has not been generally disclosed.

194. (1) Subsection 122 (1) of the Act, as re-enacted by the Statutes of Ontario, 1994, chapter 11, section 373, is amended by striking out the portion after clause (c) and substituting the following:

is guilty of an offence and on conviction is liable to a fine of not more than \$5 million or to imprisonment for a term of not more than five years less a day, or to both.

(2) Subsection 122 (3) of the Act, as re-enacted by the Statutes of Ontario, 1994, chapter 11, section 373, is amended by striking out “to a fine of not more than \$1,000,000 or to imprisonment for a term of not more than two years, or to both” at the end and substituting “to a fine of not more than \$5 million or to imprisonment for a term of not more than five years less a day, or to both”.

(3) Clause 122 (4) (a) of the Act, as re-enacted by the Statutes of Ontario, 1994, chapter 11, section 373, is repealed and the following substituted:

- (a) \$5 million; and

195. The Act is amended by adding the following sections:

Fraud and market manipulation

126.1 A person or company shall not, directly or indirectly, engage or participate in any act, practice or course of conduct relating to securities or derivatives of securities that the person or company knows or reasonably ought to know,

- (a) results in or contributes to a misleading appearance of trading activity in, or an artificial price for, a security or derivative of a security; or
- (b) perpetrates a fraud on any person or company.

Misleading or untrue statements

126.2 A person or company shall not make a statement that the person or company knows or reasonably ought to know,

- (a) in a material respect and at the time and in the light of the circumstances under which it is made, is misleading or untrue or does not state a fact that is required to be stated or that is necessary to make the statement not misleading; and
- (b) significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of a security.

196. (1) Subsection 127 (1) of the Act, as re-enacted by the Statutes of Ontario, 1994, chapter 11, section 375 and amended by 1999, chapter 9, section 215, is amended by adding the following paragraphs:

- 9. If a person or company has not complied with Ontario securities law, an order requiring the person or company to pay an administrative penalty of not more than \$1 million for each failure to comply.
- 10. If a person or company has not complied with Ontario securities law, an order requiring the person or company to disgorge to the Commission any amounts obtained as a result of the non-compliance.

(2) Section 127 of the Act, as re-enacted by the Statutes of Ontario, 1994, chapter 11, section 375 and amended by 1999, chapter 9, section 215, is amended by adding the following subsection:

Disgorgement order

(3.1) A person or company is not entitled to participate in a proceeding in which an order may be made under paragraph 10 of subsection (1) solely on the basis that the person or company has a right of action against the

respondent to the proceeding or the person or company may be entitled to receive any amount disgorged under the order.

197. Part XXII of the Act is amended by adding the following section:

Directors and officers

129.2 For the purposes of this Act, if a company or a person other than an individual has not complied with Ontario securities law, a director or officer of the company or person who authorized, permitted or acquiesced in the non-compliance shall be deemed to also have not complied with Ontario securities law, whether or not any proceeding has been commenced against the company or person under Ontario securities law or any order has been made against the company or person under section 127.

198. The Act is amended by adding the following Part:

**PART XXIII.1
CIVIL LIABILITY FOR SECONDARY MARKET
DISCLOSURE**

Interpretation and Application

Definitions

138.1 In this Part,

“compensation” means compensation received during the 12 month period immediately preceding the day on which the misrepresentation was made or on which the failure to make timely disclosure first occurred, together with the fair market value of all deferred compensation including, without limitation, options, pension benefits and stock appreciation rights, granted during the same period, valued as of the date that such compensation is awarded; (“rémunération”)

“control person” means,

- (a) a person or company who holds a sufficient number of the voting rights attached to all outstanding voting securities of an issuer, or
- (b) each person or company or combination of persons or companies acting in concert by virtue of an agreement, arrangement, commitment or understanding, which holds in total a sufficient number of the voting rights attached to all outstanding voting securities of an issuer,

to affect materially the control of the issuer, and, where a person or company, or combination of persons or companies, holds more than 20 per cent of the voting rights attached to all outstanding voting securities of an issuer, the person or company, or combination of persons or

companies, shall, in the absence of evidence to the contrary, be deemed to hold a sufficient number of the voting rights to affect materially the control of the issuer; (“personne qui a le contrôle”)

“core document” means,

- (a) where used in relation to,
 - (i) a director of a responsible issuer who is not also an officer of the responsible issuer,
 - (ii) an influential person, other than an officer of the responsible issuer or an investment fund manager where the responsible issuer is an investment fund, or
 - (iii) a director or officer of an influential person, other than an officer of an investment fund manager, who is not also an officer of the responsible issuer,

a prospectus, a take-over bid circular, an issuer bid circular, a directors’ circular, a rights offering circular, management’s discussion and analysis, an annual information form, an information circular, and annual financial statements of the responsible issuer, or

- (b) where used in relation to,
 - (i) an officer of the responsible issuer,
 - (ii) an investment fund manager where the responsible issuer is an investment fund, or
 - (iii) an officer of an investment fund manager where the responsible issuer is an investment fund,

a prospectus, a take-over bid circular, an issuer bid circular, a directors’ circular, a rights offering circular, management’s discussion and analysis, an annual information form, an information circular, annual financial statements, interim financial statements, and a report required by subsection 75 (2), of the responsible issuer, and

- (c) such other documents as may be prescribed by regulation for the purposes of this definition; (“document essentiel”)

“document” means any written communication, including a communication prepared and transmitted only in electronic form,

- (a) that is required to be filed with the Commission, or
- (b) that is not required to be filed with the Commission and,
 - (i) that is filed with the Commission,
 - (ii) that is filed or required to be filed with a government or an agency of a government under applicable securities or corporate law or with any stock exchange or quotation and trade reporting system under its by-laws, rules or regulations, or
 - (iii) that is any other communication the content of which would reasonably be expected to affect the market price or value of a security of the responsible issuer; (“document”)

“expert” means a person or company whose profession gives authority to a statement made in a professional capacity by the person or company including, without limitation, an accountant, actuary, appraiser, auditor, engineer, financial analyst, geologist or lawyer; (“expert”)

“failure to make timely disclosure” means a failure to disclose a material change in the manner and at the time required under this Act; (“non-respect des obligations d’information occasionnelle”)

“forward-looking information” means all disclosure regarding possible events, conditions or results (including future-oriented financial information with respect to prospective results of operations, a prospective financial position or prospective changes in financial position that is based on assumptions about future economic conditions and courses of action) that is presented as either a forecast or a projection; (“information prospective”)

“influential person” means, in respect of a responsible issuer,

- (a) a control person,
- (b) a promoter,
- (c) an insider who is not a director or senior officer of the responsible issuer, or
- (d) an investment fund manager, if the responsible issuer is an investment fund; (“personne influente”)

Legislation

“issuer’s security” means a security of a responsible issuer and includes a security,

- (a) the market price or value of which, or payment obligations under which, are derived from or based on a security of the responsible issuer, and
- (b) which is created by a person or company on behalf of the responsible issuer or is guaranteed by the responsible issuer; (“valeur mobilière d’un émetteur”)

“liability limit” means,

- (a) in the case of a responsible issuer, the greater of,
 - (i) 5 per cent of its market capitalization (as such term is defined in the regulations), and
 - (ii) \$1 million,
- (b) in the case of a director or officer of a responsible issuer, the greater of,
 - (i) \$25,000, and
 - (ii) 50 per cent of the aggregate of the director’s or officer’s compensation from the responsible issuer and its affiliates,
- (c) in the case of an influential person who is not an individual, the greater of,
 - (i) 5 per cent of its market capitalization (as defined in the regulations), and
 - (ii) \$1 million,
- (d) in the case of an influential person who is an individual, the greater of,
 - (i) \$25,000, and
 - (ii) 50 per cent of the aggregate of the influential person’s compensation from the responsible issuer and its affiliates,
- (e) in the case of a director or officer of an influential person, the greater of,
 - (i) \$25,000, and
 - (ii) 50 per cent of the aggregate of the director’s or officer’s compensation from the

influential person and its affiliates,

- (f) in the case of an expert, the greater of,
 - (i) \$1 million, and
 - (ii) the revenue that the expert and the affiliates of the expert have earned from the responsible issuer and its affiliates during the 12 months preceding the misrepresentation, and
- (g) in the case of each person or company who made a public oral statement, other than an individual under clause (a), (b), (c), (d), (e) or (f), the greater of
 - (i) \$25,000, and
 - (ii) 50 per cent of the aggregate of the person or company’s compensation from the responsible issuer and its affiliates; (“limite de responsabilité”)

“management’s discussion and analysis” means the section of an annual information form, annual report or other document that contains management’s discussion and analysis of the financial condition and results of operations of a responsible issuer as required under Ontario securities law; (“rapport de gestion”)

“public oral statement” means an oral statement made in circumstances in which a reasonable person would believe that information contained in the statement will become generally disclosed; (“déclaration orale publique”)

“release” means, with respect to information or a document, to file with the Commission or any other securities regulatory authority in Canada or a stock exchange or to otherwise make available to the public; (“publication”)

“responsible issuer” means,

- (a) a reporting issuer, or
- (b) any other issuer with a substantial connection to Ontario any securities of which are publicly traded; (“émetteur responsable”)

“trading day” means a day during which the principal market (as defined in the regulations) for the security is open for trading. (“jour de Bourse”)

Application.

138.2 This Part does not apply to,

- (a) the acquisition of an issuer's security under a prospectus;
- (b) the acquisition of an issuer's security pursuant to an exemption from section 53 or 62, except as may be prescribed by regulation;
- (c) the acquisition or disposition of an issuer's security in connection with or pursuant to a take-over bid or issuer bid, except as may be prescribed by regulation; or
- (d) such other transactions or class of transactions as may be prescribed by regulation.

Liability

Liability for secondary market disclosure

Documents released by responsible issuer

138.3 (1) Where a responsible issuer or a person or company with actual, implied or apparent authority to act on behalf of a responsible issuer releases a document that contains a misrepresentation, a person or company who acquires or disposes of an issuer's security during the period between the time when the document was released and the time when the misrepresentation contained in the document was publicly corrected has, without regard to whether the person or company relied on the misrepresentation, a right of action for damages against,

- (a) the responsible issuer;
- (b) each director of the responsible issuer at the time the document was released;
- (c) each officer of the responsible issuer who authorized, permitted or acquiesced in the release of the document;
- (d) each influential person, and each director and officer of an influential person, who knowingly influenced,
 - (i) the responsible issuer or any person or company on behalf of the responsible issuer to release the document, or
 - (ii) a director or officer of the responsible issuer to authorize, permit or acquiesce in the release of the document; and
- (e) each expert where,
 - (i) the misrepresentation is also contained in a report, statement or opinion made by the expert,

- (ii) the document includes, summarizes or quotes from the report, statement or opinion of the expert, and
- (iii) if the document was released by a person or company other than the expert, the expert consented in writing to the use of the report, statement or opinion in the document.

Public oral statements by responsible issuer

(2) Where a person with actual, implied or apparent authority to speak on behalf of a responsible issuer makes a public oral statement that relates to the business or affairs of the responsible issuer and that contains a misrepresentation, a person or company who acquires or disposes of an issuer's security during the period between the time when the public oral statement was made and the time when the misrepresentation contained in the public oral statement was publicly corrected has, without regard to whether the person or company relied on the misrepresentation, a right of action for damages against,

- (a) the responsible issuer;
- (b) the person who made the public oral statement;
- (c) each director and officer of the responsible issuer who authorized, permitted or acquiesced in the making of the public oral statement;
- (d) each influential person, and each director and officer of the influential person, who knowingly influenced,
 - (i) the person who made the public oral statement to make the public oral statement, or
 - (ii) a director or officer of the responsible issuer to authorize, permit or acquiesce in the making of the public oral statement; and
- (e) each expert where,
 - (i) the misrepresentation is also contained in a report, statement or opinion made by the expert,
 - (ii) the person making the public oral statement includes, summarizes or quotes from the report, statement or opinion of the expert, and

- (iii) if the public oral statement was made by a person other than the expert, the expert consented in writing to the use of the report, statement or opinion in the public oral statement.

in writing to the use of the report, statement or opinion in the document or public oral statement.

Influential persons

(3) Where an influential person or a person or company with actual, implied or apparent authority to act on behalf of the influential person releases a document or makes a public oral statement that relates to a responsible issuer and that contains a misrepresentation, a person or company who acquires or disposes of an issuer's security during the period between the time when the document was released or the public oral statement was made and the time when the misrepresentation contained in the document or public oral statement was publicly corrected has, without regard to whether the person or company relied on the misrepresentation, a right of action for damages against,

- (a) the responsible issuer, if a director or officer of the responsible issuer, or where the responsible issuer is an investment fund, the investment fund manager, authorized, permitted or acquiesced in the release of the document or the making of the public oral statement;
- (b) the person who made the public oral statement;
- (c) each director and officer of the responsible issuer who authorized, permitted or acquiesced in the release of the document or the making of the public oral statement;
- (d) the influential person;
- (e) each director and officer of the influential person who authorized, permitted or acquiesced in the release of the document or the making of the public oral statement; and
- (f) each expert where,
 - (i) the misrepresentation is also contained in a report, statement or opinion made by the expert,
 - (ii) the document or public oral statement includes, summarizes or quotes from the report, statement or opinion of the expert, and
 - (iii) if the document was released or the public oral statement was made by a person other than the expert, the expert consented

Failure to make timely disclosure

(4) Where a responsible issuer fails to make a timely disclosure, a person or company who acquires or disposes of an issuer's security between the time when the material change was required to be disclosed in the manner required under this Act and the subsequent disclosure of the material change has, without regard to whether the person or company relied on the responsible issuer having complied with its disclosure requirements, a right of action for damages against,

- (a) the responsible issuer;
- (b) each director and officer of the responsible issuer who authorized, permitted or acquiesced in the failure to make timely disclosure; and
- (c) each influential person, and each director and officer of an influential person, who knowingly influenced,
 - (i) the responsible issuer or any person or company acting on behalf of the responsible issuer in the failure to make timely disclosure, or
 - (ii) a director or officer of the responsible issuer to authorize, permit or acquiesce in the failure to make timely disclosure.

Multiple roles

(5) In a proceeding under this section, a person who is a director or officer of an influential person is not liable in that capacity if the person is liable as a director or officer of the responsible issuer.

Multiple misrepresentations

- (6) In a proceeding under this section,
- (a) multiple misrepresentations having common subject matter or content may, in the discretion of the court, be treated as a single misrepresentation; and
 - (b) multiple instances of failure to make timely disclosure of a material change or material changes concerning common subject matter may, in the discretion of the court, be treated as a single failure to make timely disclosure.

No implied or actual authority

(7) In a proceeding under subsection (2) or subsection (3), if the person who made the public oral

statement had apparent authority, but not implied or actual authority, to speak on behalf of the issuer, no other person is liable with respect to any of the responsible issuer's securities that were acquired or disposed of before that person became, or should reasonably have become, aware of the misrepresentation.

Burden of proof and defences

Non-core documents and public oral statements

138.4 (1) In a proceeding under section 138.3 in relation to a misrepresentation in a document that is not a core document, or a misrepresentation in a public oral statement, a person or company is not liable, subject to subsection (2), unless the plaintiff proves that the person or company,

- (a) knew, at the time that the document was released or public oral statement was made, that the document or public oral statement contained the misrepresentation;
- (b) at or before the time that the document was released or public oral statement was made, deliberately avoided acquiring knowledge that the document or public oral statement contained the misrepresentation; or
- (c) was, through action or failure to act, guilty of gross misconduct in connection with the release of the document or the making of the public oral statement that contained the misrepresentation.

Same

(2) A plaintiff is not required to prove any of the matters set out in subsection (1) in a proceeding under section 138.3 in relation to an expert.

Failure to make timely disclosure

(3) In a proceeding under section 138.3 in relation to a failure to make timely disclosure, a person or company is not liable, subject to subsection (4), unless the plaintiff proves that the person or company,

- (a) knew, at the time that the failure to make timely disclosure first occurred, of the change and that the change was a material change;
- (b) at the time or before the failure to make timely disclosure first occurred, deliberately avoided acquiring knowledge of the change or that the change was a material change; or
- (c) was, through action or failure to act, guilty of gross misconduct in connection with the failure to make timely disclosure.

Same

(4) A plaintiff is not required to prove any of the matters set out in subsection (3) in a proceeding under section 138.3 in relation to,

- (a) a responsible issuer;
- (b) an officer of a responsible issuer;
- (c) an investment fund manager; or
- (d) an officer of an investment fund manager.

Knowledge of the misrepresentation or material change

(5) A person or company is not liable in a proceeding under section 138.3 in relation to a misrepresentation or a failure to make timely disclosure if that person or company proves that the plaintiff acquired or disposed of the issuer's security,

- (a) with knowledge that the document or public oral statement contained a misrepresentation; or
- (b) with knowledge of the material change.

Reasonable investigation

(6) A person or company is not liable in a proceeding under section 138.3 in relation to,

- (a) a misrepresentation if that person or company proves that,
 - (i) before the release of the document or the making of the public oral statement containing the misrepresentation, the person or company conducted or caused to be conducted a reasonable investigation, and
 - (ii) at the time of the release of the document or the making of the public oral statement, the person or company had no reasonable grounds to believe that the document or public oral statement contained the misrepresentation; or
- (b) a failure to make timely disclosure if that person or company proves that,
 - (i) before the failure to make timely disclosure first occurred, the person or company conducted or caused to be conducted a reasonable investigation, and
 - (ii) the person or company had no reasonable grounds to believe

that the failure to make timely disclosure would occur.

Factors to be considered by court

(7) In determining whether an investigation was reasonable under subsection (6), or whether any person or company is guilty of gross misconduct under subsection (1) or (3), the courts shall consider all relevant circumstances, including,

- (a) the nature of the responsible issuer;
- (b) the knowledge, experience and function of the person or company;
- (c) the office held, if the person was an officer;
- (d) the presence or absence of another relationship with the responsible issuer, if the person was a director;
- (e) the existence, if any, and the nature of any system to ensure that the responsible issuer meets its continuous disclosure obligations;
- (f) the reasonableness of reliance by the person or company on the responsible issuer's disclosure compliance system and on the responsible issuer's officers, employees and others whose duties would in the ordinary course have given them knowledge of the relevant facts;
- (g) the period within which disclosure was required to be made under the applicable law;
- (h) in respect of a report, statement or opinion of an expert, any professional standards applicable to the expert;
- (i) the extent to which the person or company knew, or should reasonably have known, the content and medium of dissemination of the document or public oral statement;
- (j) in the case of a misrepresentation, the role and responsibility of the person or company in the preparation and release of the document or the making of the public oral statement containing the misrepresentation or the ascertaining of the facts contained in that document or public oral statement; and
- (k) in the case of a failure to make timely disclosure, the role and responsibility of the person or company involved in a decision not to disclose the material change.

Confidential disclosure

(8) A person or company is not liable in a proceeding under section 138.3 in respect of a failure to make timely disclosure if,

- (a) the person or company proves that the material change was disclosed by the responsible issuer in a report filed on a confidential basis with the Commission under subsection 75 (3);
- (b) the responsible issuer had a reasonable basis for making the disclosure on a confidential basis;
- (c) where the information contained in the report filed on a confidential basis remains material, disclosure of the material change was made public promptly when the basis for confidentiality ceased to exist;
- (d) the person or company or responsible issuer did not release a document or make a public oral statement that, due to the undisclosed material change, contained a misrepresentation, and
- (e) where the material change became publicly known in a manner other than the manner required under this Act, the responsible issuer promptly disclosed the material change in the manner required under this Act.

Forward-looking information

(9) A person or company is not liable in a proceeding under section 138.3 for a misrepresentation in forward-looking information if the person or company proves that,

- (a) the document or public oral statement containing the forward-looking information contained, proximate to the forward-looking information,
 - (i) reasonable cautionary language identifying the forward-looking information as such and identifying material factors that could cause actual results to differ materially from a forecast or projection in the forward-looking information, and
 - (ii) a statement of the material factors or assumptions that were applied in making a forecast or projection in the forward-looking information; and
- (b) the person or company had a reasonable basis for making the forecasts or

projections in the forward-looking information.

Same

(10) Subsection (9) does not apply to a person or company in respect of forward-looking information contained in the prospectus of the responsible issuer filed in connection with the initial public distribution of securities of the responsible issuer or contained in financial statements prepared by the responsible issuer.

Expert report, statement or opinion

(11) A person or company, other than an expert, is not liable in a proceeding under section 138.3 with respect to any part of a document or public oral statement that includes, summarizes or quotes from a report, statement or opinion made by the expert in respect of which the responsible issuer obtained the written consent of the expert to the use of the report, statement or opinion if the consent had not been withdrawn in writing before the document was released or the public oral statement was made, if the person or company proves that,

- (a) the person or company did not know and had no reasonable grounds to believe that there had been a misrepresentation in the part of the document or public oral statement made on the authority of the expert; and
- (b) the part of the document or oral public statement fairly represented the report, statement or opinion made by the expert.

Same

(12) An expert is not liable in a proceeding under section 138.3 with respect to any part of a document or public oral statement that includes, summarizes or quotes from a report, statement or opinion made by the expert, if the expert proves that, the written consent previously provided was withdrawn in writing before the document was released or the public oral statement was made.

Release of documents

(13) A person or company is not liable in a proceeding under section 138.3 in respect of a misrepresentation in a document, other than a document required to be filed with the Commission, if the person or company proves that, at the time of release of the document the person or company did not know and had no reasonable grounds to believe that the document would be released.

Derivative information

(14) A person or company is not liable in a proceeding under section 138.3 for a misrepresentation in a document or a public oral statement, if the person or company proves that,

- (a) the misrepresentation was also contained in a document filed by or on behalf of another person or company, other than the responsible issuer, with the

Commission or any other securities regulatory authority in Canada or a stock exchange and was not corrected in another document filed by or on behalf of that other person or company with the Commission or that other securities regulatory authority in Canada or stock exchange before the release of the document or the public oral statement made by or on behalf of the responsible issuer;

- (b) the document or public oral statement contained a reference identifying the document that was the source of the misrepresentation; and
- (c) when the document was released or the public oral statement was made, the person or company did not know and had no reasonable grounds to believe that the document or public oral statement contained a misrepresentation.

Where corrective action taken

(15) A person or company, other than the responsible issuer, is not liable in a proceeding under section 138.3 if the misrepresentation or failure to make timely disclosure was made without the knowledge or consent of the person or company and, if, after the person or company became aware of the misrepresentation before it was corrected, or the failure to make timely disclosure before it was disclosed in the manner required under this Act,

- (a) the person or company promptly notified the board of directors of the responsible issuer or other persons acting in a similar capacity of the misrepresentation or the failure to make timely disclosure; and
- (b) if no correction of the misrepresentation or no subsequent disclosure of the material change in the manner required under this Act was made by the responsible issuer within two business days after the notification under clause (a), the person or company, unless prohibited by law or by professional confidentiality rules, promptly and in writing notified the Commission of the misrepresentation or failure to make timely disclosure.

Damages

Assessment of damages

138.5 (1) Damages shall be assessed in favour of a person or company that acquired an issuer's securities after the release of a document or the making of a public oral statement containing a misrepresentation or after a failure to make timely disclosure as follows:

1. In respect of any of the securities of the responsible issuer that the person or company subsequently disposed of on or before the 10th trading day after the public correction of the misrepresentation or the disclosure of the material change in the manner required under this Act, assessed damages shall equal the difference between the average price paid for those securities (including any commissions paid in respect thereof) and the price received upon the disposition of those securities (without deducting any commissions paid in respect of the disposition), calculated taking into account the result of hedging or other risk limitation transactions.
 - B. if there is no published market, the amount that the court considers just.
 2. In respect of any of the securities of the responsible issuer that the person or company subsequently disposed of after the 10th trading day after the public correction of the misrepresentation or the disclosure of the material change in the manner required under this Act, assessed damages shall equal the lesser of,
 - i. an amount equal to the difference between the average price paid for those securities (including any commissions paid in respect thereof) and the price received upon the disposition of those securities (without deducting any commissions paid in respect of the disposition), calculated taking into account the result of hedging or other risk limitation transactions, and
 - ii. an amount equal to the number of securities that the person disposed of, multiplied by the difference between the average price per security paid for those securities (including any commissions paid in respect thereof determined on a per security basis) and,
 - A. if the issuer's securities trade on a published market, the trading price of the issuer's securities on the principal market (as those terms are defined in the regulations) for the 10 trading days following the public correction of
 - the misrepresentation or the disclosure of the material change in the manner required under this Act, or
 - ii. if there is no published market, the amount that the court considers just.
 3. In respect of any of the securities of the responsible issuer that the person or company has not disposed of, assessed damages shall equal the number of securities acquired, multiplied by the difference between the average price per security paid for those securities (including any commissions paid in respect thereof determined on a per security basis) and,
 - i. if the issuer's securities trade on a published market, the trading price of the issuer's securities on the principal market (as those terms are defined in the regulations) for the 10 trading days following the public correction of the misrepresentation or the disclosure of the material change in the manner required under this Act, or
 - ii. if there is no published market, the amount that the court considers just.
- Same
- (2) Damages shall be assessed in favour of a person or company that disposed of securities after a document was released or a public oral statement made containing a misrepresentation or after a failure to make timely disclosure as follows:
1. In respect of any of the securities of the responsible issuer that the person or company subsequently acquired on or before the 10th trading day after the public correction of the misrepresentation or the disclosure of the material change in the manner required under this Act, assessed damages shall equal the difference between the average price received upon the disposition of those securities (deducting any commissions paid in respect of the disposition) and the price paid for those securities (without including any commissions paid in respect thereof), calculated taking into account the result of hedging or other risk limitation transactions.

2. In respect of any of the securities of the responsible issuer that the person or company subsequently acquired after the 10th trading day after the public correction of the misrepresentation or the disclosure of the material change in the manner required under this Act, assessed damages shall equal the lesser of,

i. an amount equal to the difference between the average price received upon the disposition of those securities (deducting any commissions paid in respect of the disposition) and the price paid for those securities (without including any commissions paid in respect thereof), calculated taking into account the result of hedging or other risk limitation transactions, and

ii. an amount equal to the number of securities that the person disposed of, multiplied by the difference between the average price per security received upon the disposition of those securities (deducting any commissions paid in respect of the disposition determined on a per security basis), and,

A. if the issuer's securities trade on a published market, the trading price of the issuer's securities on the principal market (as those terms are defined in the regulations) for the 10 trading days following the public correction of the misrepresentation or the disclosure of the material change in the manner required under this Act, or

B. if there is no published market, the amount that the court considers just.

3. In respect of any of the securities of the responsible issuer that the person or company has not acquired, assessed damages shall equal the number of securities that the person or company disposed of, multiplied by the difference

between the average price per security received upon the disposition of those securities (deducting any commissions paid in respect of the disposition determined on a per security basis) and,

i. if the issuer's securities trade on a published market, the trading price of the issuer's securities on the principal market (as such terms are defined in the regulations) for the 10 trading days following the disclosure of the material change in the manner required under this Act, or

ii. if there is no published market, then the amount that the court considers just.

Same

(3) Despite subsections (1) and (2), assessed damages shall not include any amount that the defendant proves is attributable to a change in the market price of securities that is unrelated to the misrepresentation or the failure to make timely disclosure.

Proportionate liability

138.6 (1) In a proceeding under section 138.3, the court shall determine, in respect of each defendant found liable in the action, the defendant's responsibility for the damages assessed in favour of all plaintiffs in the action, and each such defendant shall be liable, subject to the limits set out in subsection 138.7 (1), to the plaintiffs for only that portion of the aggregate amount of damages assessed in favour of the plaintiffs that corresponds to that defendant's responsibility for the damages.

Same

(2) Despite subsection (1), where, in a proceeding under section 138.3 in respect of a misrepresentation or a failure to make timely disclosure, a court determines that a particular defendant, other than the responsible issuer, authorized, permitted or acquiesced in the making of the misrepresentation or the failure to make timely disclosure while knowing it to be a misrepresentation or a failure to make timely disclosure, the whole amount of the damages assessed in the action may be recovered from that defendant.

Same

(3) Each defendant in respect of whom the court has made a determination under subsection (2) is jointly and severally liable with each other defendant in respect of whom the court has made a determination under subsection (2).

Same

(4) Any defendant against whom recovery is obtained under subsection (2) is entitled to claim contribution from any other defendant who is found liable in the action.

Legislation

Limits on damages

138.7 (1) Despite section 138.5, the damages payable by a person or company in a proceeding under section 138.3 is the lesser of,

- (a) the aggregate damages assessed against the person or company in the action, and,
- (b) the liability limit for the person or company less the aggregate of all damages assessed after appeals, if any, against the person or company in all other actions brought under section 138.3, and under comparable legislation in other provinces or territories in Canada in respect of that misrepresentation or failure to make timely disclosure, and less any amount paid in settlement of any such actions.

Same

(2) Subsection (1) does not apply to a person or company, other than the responsible issuer, if the plaintiff proves that the person or company authorized, permitted or acquiesced in the making of the misrepresentation or the failure to make timely disclosure while knowing that it was a misrepresentation or a failure to make timely disclosure, or influenced the making of the misrepresentation or the failure to make timely disclosure while knowing that it was a misrepresentation or a failure to make timely disclosure.

Procedural Matters

Leave to proceed

138.8 (1) No proceeding may be commenced under section 138.3 without leave of the court granted upon motion with notice to each defendant. The court shall grant leave only where it is satisfied that,

- (a) the action is being brought in good faith; and
- (b) there is a reasonable possibility that the action will be resolved at trial in favour of the plaintiff.

Same

(2) Upon an application under this section, the plaintiff and each defendant shall serve and file one or more affidavits setting forth the material facts upon which each intends to rely.

Same

(3) The maker of such an affidavit may be examined on it in accordance with the rules of court.

Same

(4) A copy of the application for leave to proceed and any affidavits filed with the court shall be sent to the Commission when filed.

Notice

138.9 A person or company that has been granted leave to commence a proceeding under section 138.3 shall,

- (a) promptly issue a news release disclosing that leave has been granted to commence a proceeding under section 138.3;
- (b) send a written notice to the Commission within seven days, together with a copy of the news release; and
- (c) send a copy of the statement of claim or other originating document to the Commission when filed.

Restriction on discontinuation, etc., of proceeding

138.10 A proceeding under section 138.3 shall not be stayed, discontinued, settled or dismissed for delay without the approval of the court given on such terms as the court thinks fit including, without limitation, terms as to costs, and in determining whether to approve the settlement of the proceeding, the court shall consider, among other things, whether there are any other proceedings outstanding under section 138.3 or under comparable legislation in the other provinces or territories in Canada in respect of the same misrepresentation or failure to make timely disclosure.

Costs

138.11 Despite the *Courts of Justice Act* and the *Class Proceedings Act, 1992*, the prevailing party in a proceeding under section 138.3 is entitled to costs determined by a court in accordance with applicable rules of civil procedure.

Power of the Commission

138.12 The Commission may intervene in a proceeding under section 138.3 and in an application for leave under section 138.8.

No derogation from other rights

138.13 The right of action for damages and the defences to a proceeding under section 138.3 are in addition to and without derogation from any other rights or defences the plaintiff or defendant may have in a proceeding brought otherwise than under this Part.

Limitation period

138.14 No proceeding shall be commenced under section 138.3,

- (a) in the case of misrepresentation in a document, later than the earlier of,
 - (i) three years after the date on which the document containing the misrepresentation was first released, and

- (ii) six months after the issuance of a news release disclosing that leave has been granted to commence a proceeding under section 138.3 or under comparable legislation in the other provinces or territories in Canada in respect of the same misrepresentation;
- (b) in the case of a misrepresentation in a public oral statement, later than the earlier of,
 - (i) three years after the date on which the public oral statement containing the misrepresentation was made, and
 - (ii) six months after the issuance of a news release disclosing that leave has been granted to commence a proceeding under section 138.3 or under comparable legislation in another province or territory of Canada in respect of the same misrepresentation; and
- (c) in the case of a failure to make timely disclosure, later than the earlier of,
 - (i) three years after the date on which the requisite disclosure was required to be made, and
 - (ii) six months after the issuance of a news release disclosing that leave has been granted to commence a proceeding under section 138.3 or under comparable legislation in another province or territory of Canada in respect of the same failure to make timely disclosure.

199. Subsection 142 (2) of the Act, as amended by the Statutes of Ontario, 1994, chapter 11, section 378, is amended by striking out the portion before clause (a) and substituting the following:

Exceptions

(2) Subsections 13 (1), (3) and (4), sections 60, 122, 126, 129, 130, 131, 134 and 135, Part XXIII.1 and section 139 do not apply to,

200. (1) Paragraph 25 of subsection 143 (1) of the Act, as re-enacted by the Statutes of Ontario, 1994, chapter 33, section 8, is amended by striking out “and”

at the end of subparagraph iv, by adding “and” at the end of subparagraph v and by adding the following subparagraph:

- vi. defining auditing standards for attesting to and reporting on a reporting issuer’s internal controls.

(2) Subsection 143 (1) of the Act, as re-enacted by the Statutes of Ontario, 1994, chapter 33, section 8 and amended by 1997, chapter 19, section 23, 1997, chapter 43, Schedule F, section 13, 1999, chapter 9, section 220 and 2001, chapter 23, section 217, is amended by adding the following paragraphs:

- 55.1 Prescribing documents for the purposes of the definition of “core document” in subsection 138.1 (1).
- 55.2 Prescribing exemptions from the prospectus requirement under this Act for the purposes of clause 138.2 (b), take-over bids and issuer bids for the purposes of clause 138.2 (c) and transactions or classes of transactions for the purposes of clause 138.2 (d).
- 55.3 Prescribing the meaning of “market capitalization”, “trading price” and “principal market” and such other terms as are used in Part XXIII.1 and are not otherwise defined in this Act.

(3) Subsection 143 (1) of the Act, as re-enacted by the Statutes of Ontario, 1994, chapter 33, section 8 and amended by 1997, chapter 19, section 23, 1997, chapter 43, Schedule F, section 13, 1999, chapter 9, section 220 and 2001, chapter 23, section 217, is amended by adding the following paragraphs:

- 57. Requiring reporting issuers to appoint audit committees and prescribing requirements relating to the functioning and responsibilities of audit committees, including requirements in respect of,
 - i. the standard of review to be applied by audit committees in their review of documents filed under Ontario securities law,
 - ii. the certification or other evidence of review by audit committees,
 - iii. the scope and content of an audit committee’s review, and

- iv. the composition of audit committees and the qualifications of audit committee members, including independence requirements.
58. Requiring reporting issuers to devise and maintain a system of internal controls related to the effectiveness and efficiency of their operations, including financial reporting and asset control, sufficient to provide reasonable assurances that,
- i. transactions are executed in accordance with management's general or specific authorization,
- ii. transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles or any other criteria applicable to those statements,
- iii. transactions are recorded as necessary to maintain accountability for assets,
- iv. access to assets is permitted only in accordance with management's general or specific authorization, and
- v. the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.
59. Requiring reporting issuers to devise and maintain disclosure controls and procedures sufficient to provide reasonable assurances that,
- i. information required to be disclosed under Ontario securities law
- is recorded, processed, summarized and reported, within the time periods specified under Ontario securities law, and
- ii. information required to be disclosed under Ontario securities law is accumulated and communicated to the reporting issuer's management, including its chief executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure.
60. Requiring chief executive officers and chief financial officers of reporting issuers, or persons performing similar functions, to provide a certification that addresses the reporting issuer's internal controls, including a certification that addresses,
- i. the establishment and maintenance of the internal controls,
- ii. the design of the internal controls, and
- iii. the evaluation of the effectiveness of the internal controls.
61. Requiring chief executive officers and chief financial officers of reporting issuers, or persons performing similar functions, to provide a certification that addresses the reporting issuer's disclosure controls and procedures, including a certification that addresses,
- i. the establishment and maintenance of the disclosure controls and procedures,
- ii. the design of the disclosure controls and procedures, and
- iii. the evaluation of the effectiveness of the disclosure controls and procedures.

(4) Subsection 143 (2) of the Act, as enacted by the Statutes of Ontario, 1994, chapter 33, section 8, is amended by striking out “and” at the end of clause (a) and by adding the following clause:

- (a.1) the administration and distribution of amounts disgorged under paragraph 10 of subsection 127 (1);

Bill 179 – Government Efficiency Act, 2002

201. (1) This section applies only if Bill 179 (Government Efficiency Act, 2002, introduced on September 25, 2002) receives Royal Assent.

(2) References in this section to provisions of Bill 179 are references to those provisions as they were numbered in the first reading version of the Bill.

(3) On the later of the day subsection 194 (3) of this Act comes into force and the day section 11 of Schedule H to Bill 179 comes into force, clause 122 (4) (a) of the Securities Act is repealed and the following substituted:

- (a) \$5 million; and

Commencement

202. (1) Subject to subsection (2), this Part comes into force on the day this Act receives Royal Assent.

Same

(2) Sections 190 to 201 come into force on a day to be named by proclamation of the Lieutenant Governor.

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

Ag Growth Income Fund
Principal Regulator - Manitoba

Type and Date:

Preliminary Prospectus dated November 6th, 2002
Mutual Reliance Review System Receipt dated November 7th, 2002

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
CIBC World Markets Inc.
TD Securities Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Wellington West Capital Inc.

Promoter(s):

Tricor Pacific Capital Partners (Fund II), Limited Partnership

Project #491270

Issuer Name:

Alberta Newsprint Fund
Principal Regulator - British Columbia

Type and Date:

Preliminary Prospectus dated November 7th, 2002
Mutual Reliance Review System Receipt dated November 8th, 2002

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

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

Promoter(s):

West Fraser Timber Co. Ltd.

Project #491843

Issuer Name:

Allied Properties Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated November 8th, 2002
Mutual Reliance Review System Receipt dated November 8th, 2002

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.

Promoter(s):

Allied Properties Corporation

Project #491769

Issuer Name:

AmeriCredit Canada Automobile Receivables Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated November 6th, 2002
Mutual Reliance Review System Receipt dated November 7th, 2002

Offering Price and Description:

\$ * - Receivables-Backed Notes, Series C2002-1

Underwriter(s) or Distributor(s):

Merrill Lynch Canada Inc.

Promoter(s):

AmeriCredit Financial Services of Canada Ltd.

Project #491247

Issuer Name:

Axis Investment Fund Inc.

Type and Date:

Preliminary Prospectus dated November 5th, 2002
Receipt dated November 6th, 2002

Offering Price and Description:

Class A Shares, Series 2
Continuous Offering Price: Net Asset Value per Share
Minimum Initial Subscription: \$1,000
Minimum Subsequent Subscription: \$500.00

Underwriter(s) or Distributor(s):

-

Promoter(s):

Douglas Hewson
Peter Low

Project #490866

Issuer Name:

Bioxel Pharma Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Prospectus dated November 8th, 2002
Mutual Reliance Review System Receipt dated November 11th, 2002

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

Dundee Securities Corporation
National Bank Financial Inc.
Canaccord Capital Corporation

Promoter(s):

-

Project #491965

Issuer Name:

CARS and PARS Programme of RBC Capital Markets
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Shelf Prospectus dated November 8th, 2002
Mutual Reliance Review System Receipt dated November 12th, 2002

Offering Price and Description:

Strip Coupons, Strip Residuals and Strip Packages
(including packages of Strip Coupons and PARS)
derived by RBC Dominion Securities Inc. form
up to Cdn \$3,000,000 of
Debt Obligations of Various Canadian Corporations and
Trusts

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

Promoter(s):

RBC Dominion Securities Inc.

Project #491774

Issuer Name:

Custom Direct Income Fund
Principal Regulator - Ontario

Type and Date:

Amended and Restated Preliminary Prospectus dated
November 11th, 2002
Mutual Reliance Review System Receipt dated November 12th, 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

Issuer Name:

DALSA Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated November 8th, 2002
Mutual Reliance Review System Receipt dated November 8th, 2002

Offering Price and Description:

\$34,400,000 - 2,150,000 Common Shares @ \$16.00 per Share

Underwriter(s) or Distributor(s):

Yorkton Securities Inc.
Paradigm Capital Inc.
Acumen Capital Finance Partners Limited
Canaccord Capital Corporation
Sprott Securities Inc.

Promoter(s):

-

Project #491700

Issuer Name:

Harvest Energy Trust
Principal Regulator - Alberta

Type and Date:

Second Amended and Restated Preliminary Prospectus
dated November 11th, 2002
Mutual Reliance Review System Receipt dated November 12th, 2002

Offering Price and Description:

\$ * - * Trust Units @ \$ * per Trust Unit

Underwriter(s) or Distributor(s):

FirstEnergy Capital Corp.
Haywood Securities Inc.

Promoter(s):

M. Bruce Chernoff

Project #483640

Issuer Name:

Hathaway Focus + American Fund
Hathaway Focus + World Fund
Hathaway Focus + Wealth Management Fund
Hathaway Focus + Canadian Fund
Hathaway Focus + Balanced Canadian Fund
Hathaway Focus & Balanced World Fund
Hathaway Dividend Income Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated November 8th, 2002
Mutual Reliance Review System Receipt dated November 11th, 2002

Offering Price and Description:

Series A and F Units

Underwriter(s) or Distributor(s):

Dynamic Mutual Funds Ltd.

Promoter(s):

Dynamic Mutual Funds Ltd.

Project #491860

Issuer Name:

Highvale Royalty Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated November 11th, 2002
Mutual Reliance Review System Receipt dated November 12th, 2002

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
Trilon Securities Corporation

Promoter(s):

Highvale Power Corporation

Project #492153

Issuer Name:

Household Financial Corporation Limited
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Shelf Prospectus dated November 8th, 2002
Mutual Reliance Review System Receipt dated November 8th, 2002

Offering Price and Description:

\$1,500,000,000 Medium Term Notes (unsecured)
Unconditionally guaranteed as to principal and interest by Household Finance Corporation

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.

Promoter(s):

-

Project #491726

Issuer Name:

Intrawest Corporation
Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Prospectus dated November 6th, 2002
Mutual Reliance Review System Receipt dated November 6th, 2002

Offering Price and Description:

US\$397,000,000 - 10.50% Senior Exchange Notes due February 1, 2010

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #491161

Issuer Name:

Keywest Energy Corporation
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated November 12th, 2002
Mutual Reliance Review System Receipt dated November 12th, 2002

Offering Price and Description:

\$29,999,997 - 10,909,090 Common Shares Issuable upon the exercise of Special Warrant @ \$2.75 per Special Warrant

Underwriter(s) or Distributor(s):

Griffiths McBurney & Partners
CIBC World Markets Inc.
Yorkton Securities Inc.
BMO Nesbitt Burns Inc.
Peters & Co. Limited
Canaccord Capital Corporation
FirstEnergy Capital Corp.

Promoter(s):

-

Project #492386

Issuer Name:

Merrill Lynch Financial Assets Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form PREP Prospectus dated November 11th, 2002
Mutual Reliance Review System Receipt dated November 11th, 2002

Offering Price and Description:

\$423,830,000 (Approximate)
Commercial Mortgage
Pass-Through Certificates, Series 2002-Canada 8

Underwriter(s) or Distributor(s):

Merrill Lynch Canada Inc.

Promoter(s):

-

Project #492035

Issuer Name:

Metallic Ventures Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated November 6th, 2002
Mutual Reliance Review System Receipt dated November 7th, 2002

Offering Price and Description:

Cdn\$ * - * Common Shares @ \$ * per Common Shares and the distribution of 6,400,000 Common Shares and 283,400 agent's Warrants which are issuable, without payment of additional consideration , upon the conversion of 3,200,000 Class A Preferred Shares and 283,400 agent's Special Warrants previously issued on July 10, 2002.

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation
Haywood Securities Inc.
Griffiths McBurney & Partners
Westwind Partners Inc.

Promoter(s):

-

Project #491376

Issuer Name:

MRF 2002 II Limited Partnership
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated November 8th, 2002
Mutual Reliance Review System Receipt dated November 11th, 2002

Offering Price and Description:

\$20,000,000 (Maximum) to \$5,000,000 (Minimum) - 800,000 to 200,000 Units @ \$25.00 per Unit. Minimum Subscription :\$2,500 (One Hundred Units)

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Yorkton Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Middlefield Securities Limited
Raymond James Ltd.
Wellington West Capital Inc.
Desjardins Securities Inc.
Griffiths McBurney & Partners

Promoter(s):

MRF 2002 II Management Limited
Middlefield Group Limited

Project #491906

Issuer Name:

Paramount Energy Trust
Principal Regulator - Alberta

Type and Date:

Amended and Restated Preliminary dated November 6th, 2002
Mutual Reliance Review System Receipt dated November 7th, 2002

Offering Price and Description:

Distribution by Paramount Resources Ltd. as a Dividend-in-Kind of 9,909,767 Trust Units of Paramount Energy Trust - and -

Issue of 29,729,301 Rights to Subscribe of up to 29,729,301 Trust Units of Paramount Energy Trust at a Price of

\$5.05 per Trust Unit

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
FirstEnergy Capital Corp

Promoter(s):

Paramount Resources Ltd.

Project #472327

Issuer Name:

Rally Energy Corp.
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated November 8th, 2002
Mutual Reliance Review System Receipt dated November 12th, 2002

Offering Price and Description:

\$6,000,000 - 12,000,000 Common Shares upon the exercise of 12,000,000 Special Warrants @ \$0.50 per Special Warrant

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #491970

Issuer Name:

Specialty Foods Group Income Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated November 5th, 2002
Mutual Reliance Review System Receipt dated November 6th, 2002

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
BMO Nesbitt Burns Inc.

Promoter(s):

Specialty Foods Group, Inc.

Project #490948

Issuer Name:

TransCanada PipeLines Limited
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Shelf Prospectus dated November 8th, 2002
Mutual Reliance Review System Receipt dated November 8th, 2002

Offering Price and Description:

\$2,000,000,000
Common Shares
Preferred Shares
Debt Securities

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #491872

Issuer Name:

Trican Well Service Ltd.
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated November 5th, 2002
Mutual Reliance Review System Receipt dated November 5th, 2002

Offering Price and Description:

\$18,000,000 - 1,000,000 Common Shares @ \$18.00 per Common Share

Underwriter(s) or Distributor(s):

FirstEnergy Capital Corp.

Promoter(s):

-

Project #490860

Issuer Name:

@rgentum Discovery Portfolio
@rgentum U.S. Master Portfolio
@rgentum Short Term Asset Portfolio
@rgentum International Master Portfolio
@rgentum Income Porfolio
@rgentum Canadian Performance Portfolio
@rgentum Canadian Equity Portfolio
Principal Regulator - Quebec

Type and Date:

Preliminary Simplified Prospectus dated October 31st, 2002
Mutual Reliance Review System Receipt dated November 5th, 2002

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

@rgentum Management and Research Corporation

Project #490747

Issuer Name:

@rgentum U.S. Market Neutral Portfolio
@rgentum Canadian L/S Equity Portfolio
Principal Regulator - Quebec

Type and Date:

Preliminary Simplified Prospectus dated October 31st, 2002
Mutual Reliance Review System Receipt dated November 5th, 2002

Offering Price and Description:

Mutual Fund Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #490848

Issuer Name:

Alliance Pipeline Limited Partnership
Principal Regulator - Alberta

Type and Date:

Amended and Restated Short Form Shelf Prospectus dated November 1st, 2002 to Short Form Shelf Prospectus dated March 1st, 2001
Mutual Reliance Review System Receipt dated 8th day of November, 2002

Offering Price and Description:

\$1,500,000,000 Senior Notes

Underwriter(s) or Distributor(s):

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

Promoter(s):

-

Project #333738

Issuer Name:

Brandes Global Equity Fund
Brandes International Equity Fund
Brandes Global Small Cap Equity Fund
Brandes Emerging Markets Equity Fund
Brandes U.S. Equity Fund
Brandes U.S. Small Cap Equity Fund
Brandes Canadian Equity Fund
Brandes Canadian Balanced Fund
Brandes Canadian Money Market Fund
Principal Regulator - Ontario

Type and Date:

Amended and Restated Simplified Prospectus and Annual Information Forms dated November 5th, 2002, amending and Restating the Simplified Prospectus and Annual Information Forms dated June 24th, 2002
Mutual Reliance Review System Receipt dated 7th day of November, 2002

Offering Price and Description:

Class A, F, and I Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

Brandes Investments Partners & Co.

Project #445277

Issuer Name:

Mackenzie Universal American Growth Fund
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated November 7th, 2002 to Simplified Prospectus and Annual Information Form dated August 23rd, 2002
Mutual Reliance Review System Receipt dated 12th day of November, 2002

Offering Price and Description:

Series A, F, I, M and O Units

Underwriter(s) or Distributor(s):

Quadrus Investment Services Ltd.

Promoter(s):

Mackenzie Financial Corporation

Project #468009

Issuer Name:

Rival Energy Inc.
Principal Regulator - Alberta

Type and Date:

Final Prospectus dated November 8th, 2002
Mutual Reliance Review System Receipt dated 12th day of November, 2002

Offering Price and Description:

\$4,423,900.80 - 4,021,728 Common Shares Issuable Upon Exercise of 4,021,728 Special Warrants Previously Sold for \$1.10 per Special Warrant

Underwriter(s) or Distributor(s):

Griffiths McBurney & Partners

Promoter(s):

Colin Ogilvy

Project #484620

Issuer Name:

Roca Mines Inc.
Principal Regulator - British Columbia

Type and Date:

Final Prospectus dated November 4th, 2002
Mutual Reliance Review System Receipt dated 7th day of November, 2002

Offering Price and Description:

2,220,000 Common Shares and up to 2,700,000 Flow-Through Common Shares

Minimum Public Offering of \$1,000,000

Maximum Public Offering of \$1,500,000

and

2,667,000 Common Shares to be issued on the exercise of 2,667,000 previously issued Special Warrants

Underwriter(s) or Distributor(s):

Union Securities Ltd.

Promoter(s):

Scott E. Broughton

Project #486143

Issuer Name:

True North Gems Inc.
Principal Regulator - British Columbia

Type and Date:

Final Prospectus dated October 30th, 2002
Mutual Reliance Review System Receipt dated 5th day of November, 2002

Offering Price and Description:

\$1,200,000.00 - 2,400,000 Offered Securities (1) at \$0.50 per Offered Security

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

Andrew Lee Smith

Brad Wilson

Bernard Gaboury

Bruce Patnode

Project #482433

Issuer Name:

Windsor Trust 2002-B
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated November 7th, 2002
Mutual Reliance Review System Receipt dated 7th day of November, 2002

Offering Price and Description:

\$225,000,000.00 - 3.584% Auto Loan Receivables-Backed Class A-1 Pay-Through Notes Scheduled Final Payment

Date of August 15, 2006

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

Scotia Capital Inc.

TD Securities Inc.

Promoter(s):

DaimlerChrysler Financial Services (debis) Canada Inc.

Project #486251

Issuer Name:

zed.i solutions inc.
Principal Regulator - Alberta

Type and Date:

Final Prospectus dated November 7th, 2002
Mutual Reliance Review System Receipt dated 7th day of
November, 2002

Offering Price and Description:

RIGHTS TO SUBSCRIBE FOR UP TO \$2,685,500
PRINCIPAL AMOUNT OF DEBENTURES

Underwriter(s) or Distributor(s):

-

Promoter(s):

Keith T. Smith
Project #483762

Issuer Name:

Agnico-Eagle Mines Limited
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated November 6th, 2002
Mutual Reliance Review System Receipt dated 6th day of
November, 2002

Offering Price and Description:

\$261,480,000.00 - 12,000,000 Common Shares and
6,000,000 Share Purchase Warrants @\$21.79 per Unit

Underwriter(s) or Distributor(s):

TD Securities Inc.
Merrill Lynch Canada Inc.

Promoter(s):

-

Project #489406

Issuer Name:

Agnico-Eagle Mines Limited
Principal Regulator - Ontario

Type and Date:

Final Short Form Shelf Prospectus dated November 8th,
2002
Mutual Reliance Review System Receipt dated 8th day of
November, 2002

Offering Price and Description:

US\$500,000,000.00 - Debt Securities Common Shares
Warrants

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #489962

Issuer Name:

PrimeWest Energy Trust
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated November 5th, 2002
Mutual Reliance Review System Receipt dated 5th day of
November, 2002

Offering Price and Description:

\$110,040,000.00 - 4,200,000 Trust Units @\$26.20 per
Trust Unit

Underwriter(s) or Distributor(s):

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

Promoter(s):

-

Project #489272

Issuer Name:

Brandes RSP Global Equity Fund
Brandes RSP International Equity Fund
Brandes RSP U.S. Equity Fund
Brandes Canadian Money Market Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated November 5th, 2002
Mutual Reliance Review System Receipt dated 6th day of
November, 2002

Offering Price and Description:

Class A, F, and I Units @ Net Asset Value per Unit

Underwriter(s) or Distributor(s):

-

Promoter(s):

Brandes Investment Partners & Co.
Project #467718

Issuer Name:

Opus 2 Canadian Growth Equity Fund
Opus 2 Canadian Value Equity Fund
Opus 2 Canadian Fixed Income Fund
Opus 2 U.S. Growth Equity Fund
Opus 2 U.S. Value Equity Fund
Opus 2 International Equity (EAFE) Fund
Opus 2 Global Equity (RSP) Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form
dated November 1st, 2002
Mutual Reliance Review System Receipt dated 7th day of
November, 2002

Offering Price and Description:

Mutual Fund Units @ Net Asset Value per Unit

Underwriter(s) or Distributor(s):

-

Promoter(s):

Opus 2 Financial Inc.

Project #483572

Issuer Name:

Macdonald Mines Exploration Ltd.

Type and Date:

Rights Offering dated October 24th, 2002
Accepted October 30th, 2002

Offering Price and Description:

Underwriter(s) or Distributor(s):

Promoter(s):

-

Project #464531

Issuer Name:

Hydro One Inc.
Principal Jurisdiction - Ontario

Type and Date:

Preliminary Prospectus dated March 28th, 2002
Withdrawn on June 17th, 2002

Offering Price and Description:

Underwriter(s) or Distributor(s):

Promoter(s):

-

Project #432112

Issuer Name:

Loews Cineplex Entertainment Corporation Canada
Principal Jurisdiction - Ontario

Type and Date:

Preliminary Prospectus dated August 16th, 2002
Withdrawn on November 8th, 2002

Offering Price and Description:

\$ * Exchangeable Shares
Exchangeable for Shares of Class A Common Stock of
Loews Cineplex Entertainment Corporation

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.

Promoter(s):

-

Project #472535

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Briggscorp Investments Ltd. Attention: Russell Bruce Briggs 122 Blythwood Road Toronto ON M4A 1A4	Limited Market Dealer	Nov 12/02
New Registration	Wunderlich Securities, Inc. Attention: Stanley Kugelmass c/o CT Corporation System (Canada), Ltd. 20 Queen Street West Suite 1400 Toronto ON M5H 2V3	International Dealer	Nov 12/02
New Registration	Norfolk Markets, LLC Attention: David M. R. White c/o Davies Ward Phillips & Vineberg LLP 1 First Canadian Place 44 th Floor Toronto ON M5X 1B1	International Dealer	Nov 11/02
New Registration	Carlin Equities Corp. Attention: Ronald H. Shear 1270 Avenue of the Americas New York NY 10020 USA	International Dealer	Nov 08/02
New Registration	Craig & Taylor Financial Services Inc. Attention: Stephen Brett Cock 1525 Carling Avenue #504 Ottawa ON K1Z 8R9	Mutual Fund Dealer Limited Market Dealer	Nov 07/02
New Registration	Jerome P. Greene & Associates, LLC Attention: Jack Tannerya c/o Minden Gross Grafstein & Greenstein LLP 111 Richmond Street West Suite 700 Toronto ON M5H 2H5	International Dealer	Nov 04/02
New Registration	CL Capital Management (Canada) Inc. Attention: James Alexander MacDonald 330 University Avenue Toronto ON M5G 1R8	Limited Market Dealer Investment Counsel & Portfolio Manager	Oct 30/02

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 Amendments to Statements B and C of IDA Form 1 - Custodial Agreements

INVESTMENT DEALERS ASSOCIATION OF CANADA
AMENDMENTS TO STATEMENTS B AND C OF FORM 1
CUSTODIAL AGREEMENTS

I OVERVIEW

One of the features of the present capital formula is that all customer securities that are held in custody outside of the Member firm must be held at an acceptable securities location¹. One of the requirements to be met for an entity to be considered an acceptable securities location is that the Member firm must execute a written custodial agreement with the entity in a form satisfactory to the Association. This proposal seeks to revise the resultant capital requirements that arise should a Member firm have failed to enter into a written custodial agreement with an entity that would otherwise qualify as an acceptable securities location.

A The Issue(s)

Over the last number of years, one of the most common financial compliance examination findings is the situation where Member firms have lodged securities at an outside custodian but have failed to execute a written custodial agreement with the custodian to document the arrangement.

In some instances Member firms have been unable to execute these agreements because of the custodian's refusal to be subject to the standard terms and conditions set out in the Association's standard agreement. To address this instance, a legal review of our standard agreement, including a review of comparable international custodial agreements, is being undertaken by an outside law firm.

In other instances Member firms have been unable to execute these agreements either because of differences of opinion as to whether a custodial agreement is necessary², or due to oversight. In these other instances, it has been determined that it continues to be appropriate to require the Member firm to provide capital for the failure to obtain the necessary custodial agreement, but that the capital requirement that is levied against the Member firm should be more reflective of the increased risk of loss.

B Objective(s)

The objective of the proposed amendments to Statements B and C of Form 1 is to modify the capital requirements that result when a Member firm has failed to enter into a written custodial agreement with an entity that would otherwise qualify as an acceptable securities location to more closely address the increased risk of loss due to not having an agreement.

C Effect of Proposed Rules

Adoption of the proposed amendments to Form 1 will result in capital requirements that more closely address the risk of loss where a Member firm has failed to enter into a written custodial agreement with an entity that would otherwise qualify as an acceptable securities location. As a result, it is anticipated that there will be no impact of the proposed rules on market structure, competitiveness of Member firms versus non Member firms and costs of compliance.

¹ The defined term "acceptable securities locations" is set out in the General Notes and Definitions to Form 1.

² One area of dispute between Member firms and custodians is whether or not a custodial agreement is required for guaranteed investment certificates and like instruments. Generally, the Bank Act considers these instruments to be deposits and the provincial securities acts consider these instruments to be securities. As a result, the issuer banks for these instruments are very hesitant to enter into a custodial agreement covering instruments they consider to be deposits.

II DETAILED ANALYSIS

A Present Rules and Relevant History

As previously stated, under the present capital formula, all customer securities that are held in custody outside of the Member firm must be held at an acceptable securities location. The defined term “acceptable securities locations” details the conditions to be met for an entity to be considered appropriate to hold customer securities on behalf of a Member firm. One of those conditions is that the entity must enter into a written custody agreement with the entity in a form satisfactory to the Association. Under the present rules, failure to enter into a written custodial agreement with an entity otherwise considered to be an acceptable securities location is treated the same way as an entity that doesn’t meet any of the conditions to be considered an acceptable securities location. The following table summarizes the current capital requirements for security positions lodged with outside custodians:

Custodian Status	Capital Requirement
Custodian otherwise considered to be an acceptable securities location with which the Member firm has executed an acceptable custodial agreement	Capital requirement limited to any requirement resulting from unreconciled differences
Custodian otherwise considered to be an acceptable securities location with which the Member firm has not executed an acceptable custodial agreement but with which the Member firm has no other obligations.	Capital requirement is the market value of securities held in custody plus normal margin
Custodian otherwise considered to be an acceptable securities location with which the Member firm has not executed an acceptable custodial agreement and with which the Member firm has other obligations.	Capital requirement is the market value of securities held in custody plus normal margin
Custodian not considered to be an acceptable securities location	Capital requirement is the market value of securities held in custody plus normal margin

B Proposed Rules

The proposals seek to amend the capital requirements for the situation where the Member firm has failed to execute a custodial agreement with an entity that is otherwise considered to be an acceptable securities location.

In order to develop these revised requirements, the FAS Capital Formula Subcommittee (the “Subcommittee”), a Subcommittee of the Financial Administrators Section, studied the incremental risks associated with not being able to execute a custodial agreement. The Subcommittee determined that the main incremental risks were:

- Setoff risk³; and
- Fraud risk.

In order to specifically address these incremental risks, the Subcommittee developed revised capital requirements that are summarized in the following table:

Custodian Status	Capital Requirement
Custodian otherwise considered to be an acceptable securities location with which the Member firm has executed an acceptable custodial agreement	Capital requirement limited to any requirement resulting from unreconciled differences
Custodian otherwise considered to be an acceptable securities location with which the Member firm has not executed an acceptable custodial agreement but with which the Member firm has no other obligations.	Capital requirement is: <ul style="list-style-type: none"> • In determining Risk Adjusted Capital, the capital requirement resulting from any unreconciled difference; plus • In determining Early Warning Reserve, 10% of the market value of securities held in custody
Custodian otherwise considered to be an acceptable securities location with which the Member firm has not executed an acceptable custodial agreement and with	Capital requirement is: <ul style="list-style-type: none"> • In determining Risk Adjusted Capital, <ul style="list-style-type: none"> • the capital requirement resulting from any

³ A definition for “setoff risk” was developed as part of this proposal. Pursuant to the proposed revised Notes and Instructions to Statement B of Form 1 “setoff risk”, shall mean the risk exposure that results from the situation where the Member firm has other transactions, balances or positions with the entity, where the resultant obligations of the Member firm might be setoff against the value of the securities held in custody with the entity.”

Custodian Status	Capital Requirement
<i>which the Member firm has other obligations.</i>	unreconciled difference; plus <ul style="list-style-type: none"> • the lesser of the setoff risk exposure and the market value of securities held in custody • In determining Early Warning Reserve, 10% of the market value of securities held in custody • The total of the requirements above is limited to the market value of the securities held in custody
Custodian <i>not considered to be an acceptable securities location</i>	Capital requirement is the market value of securities held in custody

In the case of setoff risk, the above revised requirements require that setoff risk be provided for on a dollar for dollar basis in the determination of a Member firm’s Risk Adjusted Capital, where a Member firm has been unable to execute a custodial agreement.

In the case of fraud risk, the Subcommittee determined that there should be no specific capital requirement to address this risk. In making this decision, the Subcommittee reaffirmed the current general regulatory approach with respect to fraud risk. That is, rather than requiring Member firms to provide capital for the possibility of the occurrence of fraud, the Association should continue to examine the systems of controls in place at Member firms to ensure they have adequate preventative and detective controls relating to fraud risk.

Finally, in order to continue to provide a general incentive for Member firms to obtain written custodial agreements, the above revised requirements require that 10% of the market value of the securities held in custody without an agreement be provided in the determination of a Member firm’s Early Warning Reserve.

The proposed board resolution to approve the proposed amendments to Statements B and C is included as Attachment #1. Clean and black line copies of the proposed amendments themselves are included as Attachments #2 and #3.

C Issues and Alternatives Considered

In its deliberations, the Subcommittee also briefly considered whether it was necessary to continue to require that written custodial agreements be executed to document custodial arrangements. Reference was made to the fact that obtaining a written custodial agreement was not a requirement in other major jurisdictions such as the United Kingdom and the United States. The Subcommittee ultimately concluded that it was preferable to continue to require these agreements on the basis that it was always better to have a document in your hand when going to court to prove a custodial arrangement existed. As a result, the Subcommittee focused its efforts on amending the capital requirements to more closely address the incremental risks of not having a written custodial agreement.

D Comparison with Similar Provisions

United Kingdom

In the United Kingdom, there is no specific requirement for a dealer to enter into a written custodial agreement when securities are held outside the dealer. Rather, the requirements are more general in nature, requiring the dealer to ensure that “there are procedures to safeguard assets...including assets for which the firm is accountable.” As a result, there is no current capital requirement where a dealer fails to enter into a written custodial agreement with an outside custodian.

United States

As with the United Kingdom, in the United States, there is no specific requirement for a dealer to enter into a written custodial agreement when securities are held outside the dealer. Rather, the requirements stipulate that the dealer must be able to demonstrate that securities being held in custody are “under the control” of the dealer that the “the delivery of [the securities being held in custody] to the broker or dealer does not require the payment of money or value”. As a result, there is no current capital requirement where a dealer fails to enter into a written custodial agreement with an outside custodian.

E Systems Impact of Rule

It is not anticipated that there will be any systems impacts resulting from the implementation of these rule changes.

F Best Interests of the Capital Markets

It is not believed that there is anything in these proposals that is not in the best interests of the capital markets as a whole.

G Public Interest Objective

According to subparagraph 14(c) of the IDA's Order of Recognition as a self-regulatory organization, the IDA shall, where requested, provide in respect of a proposed rule change, "a concise statement of its nature, purposes (having regard to paragraph 13 above) and effects, including possible effects on market structure and competition". Statements have been made elsewhere as to the nature and effect of the proposal with respect to the proposed amendment of the capital requirements relating to custodial arrangements.

The specific purpose of the proposed amendments to Statements B and C of Form 1 is to modify the capital requirements that result when a Member firm has failed to enter into a written custodial agreement with an entity that would otherwise qualify as an acceptable securities location to more closely address the increased risk of loss due to not having an agreement. As a result, the related general purpose of this proposal is:

To standardize industry practices where necessary or desirable for investor protection
The proposed amendments are considered to be in the public interest.

III COMMENTARY

A Filing in Another Jurisdiction

These proposed regulation amendments will be filed for approval in Alberta, British Columbia, Saskatchewan and Ontario and will be filed for information in Nova Scotia.

B Effectiveness

It is believed that the proposed amendments will be effective in aligning the capital requirements with the risk associated with the situation where a Member firm has failed to obtain a written custodial agreement for securities held in custody.

C Process

The proposed amendments have been reviewed and recommended for approval by the Financial Administrators Section.

IV SOURCES

IDA Form 1, Statements B and C

United Kingdom Financial Services Authority, The Investment Business Interim Prudential Sourcebook, June 2000, Rule 10-13, Systems of internal control

U.S. Securities and Exchange Act of 1934, Section 240.15c3-3(c), Control of securities

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment the accompanying rule amendments so that the issue referred to above may be considered by OSC staff.

The Association has determined that the entry into force of the proposed amendments would be in the public interest. Comments are sought on the proposed rule amendments. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Richard Corner, Director, Regulatory Policy, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Capital Markets, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Richard Corner
Director, Regulatory Policy
Investment Dealers Association of Canada
(416) 943-6908
rcorner@ida.ca

INVESTMENT DEALERS ASSOCIATION OF CANADA
AMENDMENTS TO STATEMENTS B AND C OF FORM 1
CUSTODIAL AGREEMENTS

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. The Notes and Instructions to Statement B of Form 1 and Statement C (and accompanying notes) of Form 1 are hereby repealed and replaced as set out in Attachment #2.

PASSED AND ENACTED BY THE Board of Directors this 23rd day of October 2002, to be effective on a date to be determined by Association staff.

STATEMENT B

NOTES AND INSTRUCTIONS

EACH MEMBER SHALL HAVE AND MAINTAIN AT ALL TIMES RISK ADJUSTED CAPITAL IN AN AMOUNT NOT LESS THAN ZERO.

Line 4 - Minimum capital

"Minimum capital" is \$250,000 (\$75,000 for Type 1 introducing brokers).

Line 9 - Syndicate and joint trading accounts

This line should include margin requirement for syndicate accounts where the firm is the lead underwriter and joint trading accounts. If the firm has "drawn down" a portion of the new issue positions from the syndicate account to its inventory accounts, those portions should be disclosed as firm's inventory and be included in Schedules 2 and possibly 2B. If the firm is not the lead underwriter but a Banking Group member, margin requirement should be reported on Schedule 2.

If the other syndicate member is a Regulated Entity, a related company of the Member firm, or an Acceptable Institution, then no margin need be provided by the firm. In the case of an Acceptable Counterparty the amount of margin to be provided, **commencing on regular settlement date** (i.e. the contracted settlement date as specified for that issue), shall be the equity deficiency of (a) the net market value of all settlement date security positions in the entity's accounts and (b) the net money balance on a settlement date basis in the same accounts. For all other parties the amount of margin to be provided by the firm, **commencing on regular settlement date**, shall be the margin deficiency, if any, that exists in the account.

Line 13 - Contingent liabilities

No firm may give, directly or indirectly, by means of a loan, guarantee, the provision of security or of a covenant or otherwise, any financial assistance to an individual and/or corporation unless the amount of the loan, guarantee, provision of security or of the covenant or any other assistance is limited to a fixed or determinable amount and the amount is provided for in computing Risk Adjusted Capital. The margin required shall be the amount of the loan, guarantee, etc. less the loan value of any accessible collateral, calculated in accordance with the rules and regulations of the Joint Regulatory Bodies. A guarantee of payment is not acceptable collateral to reduce margin required.

Details of the margin calculations for contingencies such as guarantees or returned cheques should be provided as an attachment to this Statement.

Line 18 – Securities held at non-acceptable securities locations

Capital Requirements

In general, the capital requirements for securities held in custody at another entity are as follows:

- (i) Where the entity qualifies as an acceptable securities location, there shall be no capital requirement, provided there are no unresolved differences between the amounts reported on the books of the entity acting as custodian and the amounts reported on the books of the Member firm. The capital requirements for unresolved differences are discussed separately in the notes and instructions for the completion of Statement B, Line 20 below.
- (ii) Where the entity does not qualify as an acceptable securities location, the entity shall be considered a non-acceptable securities location and the Member firm shall be required to deduct 100% of the market value of the securities held in custody with the entity in the calculation of its Risk Adjusted Capital.

However, there is one exception to the above general requirements. Where the entity would otherwise qualify as an acceptable securities location except for the fact that the Member firm has not entered into a written custodial agreement with the entity, as required by the by-laws, rules and regulations of the Joint Regulatory Authorities, the capital requirement shall be determined as follows:

- (a) Where setoff risk with the entity is present, the Member firm shall be required to deduct the lesser of:
 - (I) 100% of the setoff risk exposure to the entity; and
 - (II) 100% of the market value of the securities held in custody with the entity;

in the calculation of its Risk Adjusted Capital;

and;

- (b) The Member firm shall be required to deduct 10% of the market value of the securities held in custody with the entity in the calculation of its Early Warning Reserve.

The sum of the requirements calculated in paragraphs (a) and (b) above shall be no greater than 100% of the market value of the securities held in custody with the entity. Where the sum amounts initially calculated in paragraphs (a) and (b) above are greater than 100%, the capital required under paragraph (b) and the amount reported as a deduction in the calculation of the Early Warning Reserve shall be reduced accordingly.

For the purposes of the determining the capital requirement detailed in paragraph (a) above, the term "setoff risk", shall mean the risk exposure that results from the situation where the Member firm has other transactions, balances or positions with the entity, where the resultant obligations of the Member firm might be setoff against the value of the securities held in custody with the entity.

Client Waiver

Where the laws and circumstances prevailing in a foreign jurisdiction may restrict the transfer of securities from the jurisdiction and the Member is unable to arrange for the holding of client securities in the jurisdiction at an acceptable securities location, the Member may hold such securities at a location in that jurisdiction if (a) the Member has entered into a written custodial agreement with the location as required hereunder and (b) the client has consented to the arrangement, acknowledged the risks and waived any claims it may have against the Member, in a form approved by the Joint Regulatory Authority. Such a consent and waiver must be obtained on a transaction by transaction basis.

Line 20 - Unresolved Differences

Items are considered unresolved unless:

- (i) a written acknowledgement from the counterparty of a valid claim has been received, and
- (ii) a journal entry to resolve the difference has been processed as of the Due Date of the questionnaire.

This does not include journal entries writing off the difference to profit or loss in the period subsequent to the date of the questionnaire.

Provision should be made for the market value and margin requirements at the questionnaire date on out of balance short securities and other adverse unresolved differences (e.g. with banks, trust companies, brokers, clearing corporations), still unresolved as at a date one month subsequent to the questionnaire date or other applicable Due Date of the questionnaire.

The margin rate to be used is the one that is appropriate for inventory positions. For instance, if the calculation is for option eligible securities, the margin rate is 25%, rather than 30%.

A separate schedule, in a form approved by the Joint Regulatory Authority, must be prepared detailing all unresolved differences as at the report date.

The following guidelines should be followed when calculating the required to margin amount on unresolved items:

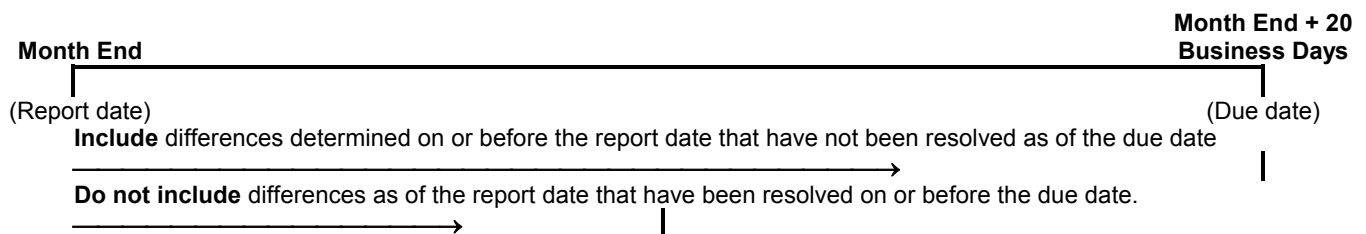
Type of Unresolved Difference	Amount Required to Margin
Money balance - credit (potential gains) - debit (potential losses)	None Money balance
Unresolved Long with Money on the Member's Book	[(Money Balance on the trade minus market value of the security)* plus the applicable inventory margin]
Unresolved Long without Money on the Member's Books	None
Unresolved Short with Money on the Member's Books	[(Market value of the security minus money balance on the trade)* plus the applicable inventory margin]

Type of Unresolved Difference	Amount Required to Margin
Unresolved Long/Short on the Other Broker's Books	None
Short Security Break (e.g. Mutual Funds, Stock Dividends) or Unresolved Short without Money on the Member's Books	[Market value of the security plus the applicable inventory margin]

* also referred to as the Mark to Market Adjustment.

Where mutual fund positions are not reconciled on a monthly basis, margin shall be provided equal to a percentage of the market value of such mutual funds held on behalf of clients. Where no transactions in the mutual fund, other than redemptions and transfers, have occurred for at least six months and no loan value has been associated with the mutual fund, the percentage shall be 10%. In all other cases, the percentage shall be 100%.

Unresolved Differences in Accounts: Report all differences determined on or before the report date that have not been resolved as of the due date.



For each account listed, set out the number of unresolved differences and the money value of both the debit and credit differences. The Debit/Short value column includes money differences and market value of security differences, which represent a potential loss. The Credit/Long value column includes money differences and market value of security differences, which represent a potential gain. In determining the potential gain or loss, the money balance and the security position market value of the same transaction should be netted. Debit/short and credit/long balances of different transactions cannot be netted.

All reconciliation must be properly documented and made available for review by the Vice-President, Financial Compliance and Member's Auditor.

Unresolved differences in Security Counts: Report all security count differences determined on or before the report date that have not been resolved as of due date. The amount required to margin is the market value of short security differences plus the applicable inventory margin.

Line 21 - Other

This item should include all margin requirements not mentioned above as outlined in the bylaws, rules and regulations of the Joint Regulatory Bodies and the Canadian Investor Protection Fund.

DATE: _____

STATEMENT C

PART I
JOINT REGULATORY FINANCIAL QUESTIONNAIRE AND REPORT

(Firm Name)

STATEMENT OF EARLY WARNING EXCESS AND EARLY WARNING RESERVE

Reference		Current year
1. B-26	RISK ADJUSTED CAPITAL	\$
2.	LIQUIDITY ITEMS –	
	DEDUCT:	
A-19	(a) Other allowable assets	_____
Sch.6A	(b) Tax recoveries	_____
B-18	(c) Securities held at non-acceptable securities locations	_____
	ADD:	
A-66	(d) Long term liabilities.....	_____
Sch.6A	(e) Tax recoveries - income accruals.....	_____
3.	EARLY WARNING EXCESS	\$
4.	DEDUCT: CAPITAL CUSHION -	
B-21	Total margin required \$_____ multiplied by 5%.....	\$_____
5.	EARLY WARNING RESERVE [line 3 less line 4].....	\$

NOTES:

The Early Warning system is designed to provide advance warning of a Member firm encountering financial difficulties. It will anticipate capital shortages and/or liquidity problems and encourage firms to build a capital cushion.

Line 1 - If Risk Adjusted Capital of the firm is less than:

- (a) 5% of total margin required (line 4 above), then the firm is designated as being in Early Warning category Level 1, or
- (b) 2% of total margin required (line 4 above), then the firm is designated as being in Early Warning category Level 2,

and the applicable sanctions outlined in the bylaws, rules and regulations of the Joint Regulatory Bodies and the Canadian Investor Protection Fund will apply.

Lines 2(a) and (b) - These items are deducted from RAC because (b) they are illiquid or the receipt is either out of the firm's control or contingent.

Line 2(c) - Pursuant to the Notes and Instructions for the completion of Statement B, Line 18, where the entity would otherwise qualify as an acceptable securities location except for the fact that the Member firm has not entered into a written custodial agreement with the entity, as required by the by-laws, rules and regulations of the Joint Regulatory Authorities, the Member firm will be required to deduct an amount up to 10% of the market value of the securities held in custody with the entity, in the

SRO Notices and Disciplinary Proceedings

calculation of its Early Warning Reserve. Please refer to the detailed calculation formula set out to the Notes and Instructions for the completion of Statement B, Line 18 to determine the capital requirement to be reported on Line 2(c).

Line 2(d) - Long term liabilities are added back to RAC as they are not current obligations of the firm and can be used as financing.

Line 2(e) - This add back ensures that the firm is not penalized at the Early Warning level for accruing income. The net result is that the firm is in the same position as if the revenue were treated on a cash basis.

Line 3 - If Early Warning Excess is negative, the firm is designated as being in Early Warning category Level 2 and the sanctions outlined in the applicable bylaws, rules and regulations of the Joint Regulatory Bodies and the Canadian Investor Protection Fund will apply.

Line 5 - If the Early Warning Reserve is negative, the firm is designated as being in Early Warning category Level 1 and the sanctions outlined in the applicable bylaws, rules and regulations of the Joint Regulatory Bodies and the Canadian Investor Protection Fund will apply.

STATEMENT B
NOTES AND INSTRUCTIONS
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EACH MEMBER SHALL HAVE AND MAINTAIN AT ALL TIMES RISK ADJUSTED CAPITAL IN AN AMOUNT NOT LESS THAN ZERO.

Line 4 - Minimum capital

“~~Minimum~~ capital” is \$250,000 (\$75,000 for Type 1 introducing brokers).

Line 9 - Syndicate and joint trading accounts

This line should include margin requirement for syndicate accounts where the firm is the lead underwriter and joint trading accounts. If the firm has “drawn down” a portion of the new issue positions from the syndicate account to its inventory accounts, those portions should be disclosed as firm’s inventory and be included in Schedules 2 and possibly 2B. If the firm is not the lead underwriter but a Banking Group member, margin requirement should be reported on Schedule 2.

If the other syndicate member is a Regulated Entity, a related company of the Member firm, or an Acceptable Institution, then no margin need be provided by the firm. In the case of an Acceptable Counterparty the amount of margin to be provided, **commencing on regular settlement date** (i.e. the contracted settlement date as specified for that issue), shall be the equity deficiency of (a) the net market value of all settlement date security positions in the entity’s accounts and (b) the net money balance on a settlement date basis in the same accounts. For all other parties the amount of margin to be provided by the firm, **commencing on regular settlement date**, shall be the margin deficiency, if any, that exists in the account.

Line 13 - Contingent liabilities

No firm may give, directly or indirectly, by means of a loan, guarantee, the provision of security or of a covenant or otherwise, any financial assistance to an individual and/or corporation unless the amount of the loan, guarantee, provision of security or of the covenant or any other assistance is limited to a fixed or determinable amount and the amount is provided for in computing Risk Adjusted Capital. The margin required shall be the amount of the loan, guarantee, etc. less the loan value of any accessible collateral, calculated in accordance with the rules and regulations of the Joint Regulatory Bodies. A guarantee of payment is not acceptable collateral to reduce margin required.

Details of the margin calculations for contingencies such as guarantees or returned cheques should be provided as an attachment to this Statement.

Line 18 - Securities held at non-acceptable securities locations

~~100% of the market value of securities plus applicable margin must be provided (less any margin already provided on those securities) in the case where client or inventory securities are held at locations which do not qualify as Acceptable Securities Locations (see General Notes and Definitions).~~

Securities

- ~~1. _____ held by an entity with which the Member has not entered into a written custodial agreement as required by the by-laws, rules and regulations of the Joint Regulatory Authorities, or~~
 - ~~2. _____ in respect of which a positive audit confirmation has not been received in respect of a foreign location approved by a Joint Regulatory Authority and not specified in the definition of acceptable securities location,~~
- ~~shall be considered as being held at non-acceptable securities locations and capital provided for as above.~~

Capital Requirements

In general, the capital requirements for securities held in custody at another entity are as follows:

- (i) Where the entity qualifies as an acceptable securities location, there shall be no capital requirement, provided there are no unresolved differences between the amounts reported on the books of the entity acting as custodian and the amounts reported on the books of the Member firm. The capital requirements for unresolved differences are discussed separately in the notes and instructions for the completion of Statement B, Line 20 below.

SRO Notices and Disciplinary Proceedings

- (ii) Where the entity does not qualify as an acceptable securities location, the entity shall be considered a non-acceptable securities location and the Member firm shall be required to deduct 100% of the market value of the securities held in custody with the entity in the calculation of its Risk Adjusted Capital.

However, there is one exception to the above general requirements. Where the entity would otherwise qualify as an acceptable securities location except for the fact that the Member firm has not entered into a written custodial agreement with the entity, as required by the by-laws, rules and regulations of the Joint Regulatory Authorities, the capital requirement shall be determined as follows:

- (a) Where setoff risk with the entity is present, the Member firm shall be required to deduct the lesser of:
- (I) 100% of the setoff risk exposure to the entity; and
 - (II) 100% of the market value of the securities held in custody with the entity;
- in the calculation of its Risk Adjusted Capital;
- and;
- (b) The Member firm shall be required to deduct 10% of the market value of the securities held in custody with the entity in the calculation of its Early Warning Reserve.

The sum of the requirements calculated in paragraphs (a) and (b) above shall be no greater than 100% of the market value of the securities held in custody with the entity. Where the sum amounts initially calculated in paragraphs (a) and (b) above are greater than 100%, the capital required under paragraph (b) and the amount reported as a deduction in the calculation of the Early Warning Reserve shall be reduced accordingly.

For the purposes of the determining the capital requirement detailed in paragraph (a) above, the term "setoff risk", shall mean the risk exposure that results from the situation where the Member firm has other transactions, balances or positions with the entity, where the resultant obligations of the Member firm might be setoff against the value of the securities held in custody with the entity.

Client Waiver

Where the laws and circumstances prevailing in a foreign jurisdiction may restrict the transfer of securities from the jurisdiction and the Member is unable to arrange for the holding of client securities in the jurisdiction at an acceptable securities location, the Member may hold such securities at a location in that jurisdiction if (a) the Member has entered into a written custodial agreement with the location as required hereunder and (b) the client has consented to the arrangement, acknowledged the risks and waived any claims it may have against the Member, in a form approved by the Joint Regulatory Authority. Such a consent and waiver must be obtained on a transaction by transaction basis.

Line 20 - Unresolved Differences

Items are considered unresolved unless:

- (i) a written acknowledgement from the counterparty of a valid claim has been received, and
- (ii) a journal entry to resolve the difference has been processed as of the Due Date of the questionnaire.

This does not include journal entries writing off the difference to profit or loss in the period subsequent to the date of the questionnaire.

Provision should be made for the market value and margin requirements at the questionnaire date on out of balance short securities and other adverse unresolved differences (e.g. with banks, trust companies, brokers, clearing corporations), still unresolved as at a date one month subsequent to the questionnaire date or other applicable Due Date of the questionnaire.

The margin rate to be used is the one that is appropriate for inventory positions. For instance, if the calculation is for option eligible securities, the margin rate is 25%, rather than 30%.

A separate schedule, in a form approved by the Joint Regulatory Authority, must be prepared detailing all unresolved differences as at the report date.

The following guidelines should be followed when calculating the required to margin amount on unresolved items:

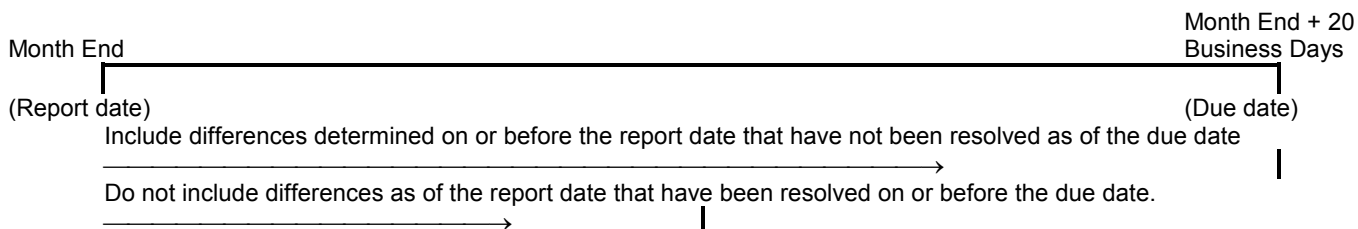
SRO Notices and Disciplinary Proceedings

<i>Type of Unresolved Difference</i>	<i>Amount Required to Margin</i>
Money balance - credit (potential gains) - debit (potential losses)	None Money balance
Unresolved Long with Money on the Member's Book	[(Money Balance on the trade minus market value of the security)* plus the applicable inventory margin]
Unresolved Long without Money on the Member's Books	None
Unresolved Short with Money on the Member's Books	[(Market value of the security minus money balance on the trade)* plus the applicable inventory margin]
Unresolved Long/Short on the Other Broker's Books	None
Short Security Break (e.g. Mutual Funds, Stock Dividends) or Unresolved Short without Money on the Member's Books	[Market value of the security plus the applicable inventory margin]

* also referred to as the Mark to Market Adjustment.

Where mutual fund positions are not reconciled on a monthly basis, margin shall be provided equal to a percentage of the market value of such mutual funds held on behalf of clients. Where no transactions in the mutual fund, other than redemptions and transfers, have occurred for at least six months and no loan value has been associated with the mutual fund, the percentage shall be 10%. In all other cases, the percentage shall be 100%.

Unresolved Differences in Accounts: Report all differences determined on or before the report date that have not been resolved as of the due date.



For each account listed, set out the number of unresolved differences and the money value of both the debit and credit differences. The Debit/Short value column includes money differences and market value of security differences, which represent a potential loss. The Credit/Long value column includes money differences and market value of security differences, which represent a potential gain. In determining the potential gain or loss, the money balance and the security position market value of the same transaction should be netted. Debit/short and credit/long balances of different transactions cannot be netted.

All reconciliation must be properly documented and made available for review by the Vice-President, Financial Compliance and Member's Auditor.

Unresolved differences in Security Counts: Report all security count differences determined on or before the report date that have not been resolved as of due date.

The amount required to margin is the market value of short security differences plus the applicable inventory margin.

Line 21 - Other

This item should include all margin requirements not mentioned above as outlined in the bylaws, rules and regulations of the Joint Regulatory Bodies and the Canadian Investor Protection Fund.

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DATE: _____

STATEMENT C

PART I

JOINT REGULATORY FINANCIAL QUESTIONNAIRE AND REPORT

(Firm Name)

STATEMENT OF EARLY WARNING EXCESS AND EARLY WARNING RESERVE

Reference	Current year
1. B-26 RISK ADJUSTED CAPITAL	\$
2. LIQUIDITY ITEMS –	
DEDUCT:	
A-19 (a) Other allowable assets	_____
Sch.6A (b) Tax recoveries	_____
<u>B-18</u> (c) Securities held at non-acceptable securities locations	_____
ADD:	
A-66 (e) (d) Long term liabilities	_____
Sch.6A (d) (e) Tax recoveries - income accruals	_____
3. EARLY WARNING EXCESS	\$
4. DEDUCT: CAPITAL CUSHION -	
B-21 Total margin required \$_____ multiplied by 5%.....	\$_____
5. EARLY WARNING RESERVE [<i>line 3 less line 4</i>]	\$

NOTES:

The Early Warning system is designed to provide advance warning of a Member firm encountering financial difficulties. It will anticipate capital shortages and/or liquidity problems and encourage firms to build a capital cushion.

Line 1 - If Risk Adjusted Capital of the firm is less than:

- (a) 5% of total margin required (line 4 above), then the firm is designated as being in Early Warning category **Level 1**, or
- (b) 2% of total margin required (line 4 above), then the firm is designated as being in Early Warning category **Level 2**,

and the applicable sanctions outlined in the bylaws, rules and regulations of the Joint Regulatory Bodies and the Canadian Investor Protection Fund will apply.

Lines 2(a) and (b) - These items are deducted from RAC because (b) they are illiquid or the receipt is either out of the firm's control or contingent.

Line 2(c) - Pursuant to the Notes and Instructions for the completion of Statement B, Line 18, where the entity would otherwise qualify as an acceptable securities location except for the fact that the Member firm has not entered into a written custodial

agreement with the entity, as required by the by-laws, rules and regulations of the Joint Regulatory Authorities, the Member firm will be required to deduct an amount up to 10% of the market value of the securities held in custody with the entity, in the calculation of its Early Warning Reserve. Please refer to the detailed calculation formula set out to the Notes and Instructions for the completion of Statement B, Line 18 to determine the capital requirement to be reported on Line 2(c).

Line 2(c)(d) - Long term liabilities are added back to RAC as they are not current obligations of the firm and can be used as financing.

Line 2(d)(e) - This add back ensures that the firm is not penalized at the Early Warning level for accruing income. The net result is that the firm is in the same position as if the revenue were treated on a cash basis.

Line 3 - If Early Warning Excess is negative, the firm is designated as being in Early Warning category **Level 2** and the sanctions outlined in the applicable bylaws, rules and regulations of the Joint Regulatory Bodies and the Canadian Investor Protection Fund will apply.

Line 5 - If the Early Warning Reserve is negative, the firm is designated as being in Early Warning category **Level 1** and the sanctions outlined in the applicable bylaws, rules and regulations of the Joint Regulatory Bodies and the Canadian Investor Protection Fund will apply.

13.1.2 Amendments to MFDA By-laws re Ombudsman Service

MFDA – CENTRE FOR THE FINANCIAL SERVICES OMBUDSNETWORK (CFSON) AND THE OMBUDSMAN FOR BANKING SERVICES AND INVESTMENTS (OBSI)

I. OVERVIEW

A. Current Rules

MFDA By-law No.1 currently does not have any provisions addressing consumer dispute resolution.

B. The Issue

In December 2001, the Mutual Fund Dealers Association of Canada (“MFDA”) and the four other major industries of Canada’s financial services sector (banks, life and health insurers, property and casualty insurers and investment dealers) announced the creation of a national ombudsman service, the Centre for the Financial Services OmbudsNetwork (“CFSON”). The CFSON is an industry-based, integrated consumer assistance service that builds on existing consumer redress mechanisms by providing a single point of entry for the consumer. By calling CFSON’s 1-800 number, clients with complaints about their financial services provider can be referred to the appropriate dispute resolution service. Depending on the individual facts of the case, the client will be referred to the financial institution, the industry’s ombudsman, or a further level of dispute resolution where available.

Additionally, the MFDA, the Investment Dealers Association (“IDA”) and the Investment Funds Institute of Canada (“IFIC”) have established a single ombudsman service to deal with customer complaints. The Ombudsman for Banking Services and Investments (“OBSI”) has merged the former Canadian Banking Ombudsman and ombudsman services developed by the three Associations. It serves clients of banks, Member firms of the MFDA, IDA and IFIC, and most federally regulated trust and loan companies. OBSI can assess individual complaints, work fairly and impartially with both the customer and the firm, and produce a report that includes recommendations. The services provided by OBSI are cost-free to clients. To ensure independence, OBSI reports to a Board of Directors of which a majority of directors are independent of the financial services industry.

The Joint Forum of Financial Market Regulators has endorsed the CFSON.

C. The Objective

The objective of the By-law change is to mandate that:

- MFDA Members participate in OBSI and to the extent it is relevant, the CFSON

- MFDA Members provide their clients with information on OBSI and the CFSON; and
- MFDA Members co-operate with, and provide the relevant information to OBSI in connection with their investigations. Should a Member not provide information to OBSI or provide false information, MFDA Enforcement may bring a disciplinary action against that Member.

D. Effect of the Proposed Rule

The proposed By-law amendments:

- Will have no negative effect on market structure
- Will have no effect on non-members. With respect to Members, they will have to participate in OBSI as set out above. This will involve:
 - making new clients and any client that submits a written complaint aware of OBSI.
 - complying with OBSI’s rules, procedures and standards. Note that OBSI’s recommendations are not binding on Members or on clients. However, where a Member does not comply with OBSI’s recommendations, that fact will be made public.
 - providing OBSI with the material required by OBSI to complete its investigations. Where such information is not provided or false or misleading information is provided to OBSI, the MFDA may bring a disciplinary action against that Member.
- Will have no negative effect on competition
- With respect to the costs of compliance, OBSI may increase costs for Members. We believe there may be an increase in the number of client inquiries triggered simply by the introduction of CFSON and OBSI. Members will use resources to respond to that increase in client inquires. Also, where OBSI conducts an investigation, Members will have to expend resources to comply with OBSI’s request for information.
- Will have no effect on other rules

II. DETAILED ANALYSIS

A. Present Rules, Relevant History and Proposed Amendments

It is necessary to amend By-law No.1 to reflect the introduction of the CFSON and OBSI.

B. Issues and Alternatives Considered

No alternatives were considered.

C. Comparison with Similar Provisions

OBSI has similar provisions to the former Canadian Banking Ombudsman. We did not definitively compare our provisions with the UK's Financial Services Authority provisions on the ombudsperson. This is because the MFDA is mandating that its Members participate in the securities industry ombudsman; the MFDA is not drafting rules to create the ombudservice.

D. Systems Impact of the Rule

The CFSON is a comprehensive, integrated consumer dispute resolution system. It is expected that the CFSON will be operational in December 2002.

E. Best Interests of the Capital Markets

The Board has determined that the By-law is not detrimental to the best interests of the capital markets.

F. Public Interest Objective

The proposal is designed to promote the protection of investors and generally promote public confidence in the capital markets.

III. COMMENTARY

A. Filing in Other Jurisdictions

The proposed By-law amendments will be filed for approval with the Alberta, British Columbia, Nova Scotia, Saskatchewan and Ontario Securities Commissions.

B. Effectiveness

The proposed By-law amendments will be effective in addressing the issues discussed above.

C. Process

In 1999, the provincial regulators of pensions, insurance and securities recognized the need for a mechanism to coordinate their regulatory efforts. The Canadian Association of Pension Supervisory Authorities (CAPSA), the Canadian Council of Insurance Regulators (CCIR) and the Canadian Securities Administrators (CSA) agreed to each appoint four representatives to the Joint Forum of Financial Market Regulators to discuss inter-provincial, cross-sectoral issues; to seek opportunities for

harmonization; to identify gaps and areas of overlap; and to pursue their respective common interests in consumer protection.

The genesis of the Joint Forum's dispute resolution initiative lay in the recommendations made by the MacKay Task Force, most of which were then incorporated in new federal legislation for the financial services sector. In response to the introduction of federal legislation to create a Canadian Financial Services Ombudsman, the Joint Forum believed a better service was possible if industry leaders were the driving force behind its creation.

The Joint Forum elected to establish a cross-sectoral, cross-jurisdictional Task Force, with representation from the public and private sectors, with the mandate to design a consumer-centred, comprehensive and integrated approach to the management of complaints and the resolution of disputes for financial services consumers across Canada

Last summer, the Joint Forum Task Force on Consumer Dispute Resolution (a working group of the Joint Forum of Financial Market Regulators), together with representatives of the CLHIA, CBA, IDA and IBC volunteered to work with some of the regulators to design a conceptual framework for a consumer dispute resolution mechanism. The mechanism was to be an industry-led solution.

The result has been the CFSON and industry level ombudservices for each of the securities, banking, life and health insurance and property and casualty insurance sectors. Further information regarding the CFSON and OBSI can be found on the MFDA website at www.mfda.ca or the OBSI website at www.obsi.ca.

The Joint Forum of Financial Market Regulators, the Canadian Council of Insurance Regulators, the Canadian Association of Pension Supervisory Authorities and the Canadian Securities Administrators have endorsed the CFSON.

IV. SOURCES

MFDA By-law No.1

V. OSC REQUIREMENT TO PUBLISH FOR COMMENT

The MFDA is required to publish for comment the accompanying By-law so that the issue referred to above may be considered by Ontario Securities Commission staff.

The MFDA has determined that the entry into force of this By-law would be in the public interest and is not detrimental to the capital markets. Comments are sought on the proposed By-law. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of the Corporate Secretary, Mutual Fund Dealers Association of Canada, 121 King St. West, Suite 1600, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market

Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8. The MFDA will make available to the public on request all comments received unless an author specifically requests confidentiality. Access to confidential comments will not be permitted except as may be required by law.

Questions may be referred to:

Laurie Gillett
Corporate Secretary and Membership Services Manager
Mutual Fund Dealers Association of Canada
(416) 943-5827

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

BY-LAWS RE OMBUDSMAN SERVICE

1. By-law Number 1 of the Corporation is hereby amended by the addition of Section 24.A. as follows:

24.A. **Ombudsman Service**

24.A.1 **Participation in Ombudsman Service.**

Each Member shall participate in an ombudsman service approved by the Board of Directors. On the client's request, any dispute, claim or controversy between a Member and a client may be submitted by the client to the ombudsman service. The determination of eligibility of any dispute, claim or controversy shall be made by the ombudsman service according to criteria defined in the service's terms of reference. The Member shall comply with and be bound by the rules, procedures and standards of the ombudsman service. The ombudsman's recommendations with respect to any eligible dispute, claim or controversy are non-binding on each Member who participates in the service.

24.A.2 **No Effect on Jurisdiction.** Neither the participation of a Member in the ombudsman service nor any recommendations made by the ombudsman service in respect of the Member shall affect the jurisdiction of the Corporation or any of the Board, a Regional Council, committee or member, representative or employee of any of them, from exercising any authority under the Letters Patent, By-laws, Rules, Policies or Forms of the Corporation or a Regional Council.

24.A.3 **Submission of Information.** A Member, or any Approved Person, that is requested by the ombudsman service to provide information in connection with an investigation shall submit the requested information, books, records, reports, filings and papers to the service in such manner and form, including electronically, as may be prescribed by such service.

24.A.4 **Provision of Information by Ombudsman Service.** No information, answer or statement made in connection with an investigation or the review of a complaint by the ombudsman service approved by the Board of Directors shall be provided to the Corporation by the

ombudsman service, except for an investigation under By-law 21, or a hearing pursuant to By-law 25, into an allegation that the Member, with intent to mislead the ombudsman, provided information, documentation, answers or statements knowing them to be false; or failed to provide any information as required by By-law 24.A.

24.A.5 **Member to Provide Written Material to Clients.** Each Member shall provide to new clients, and to clients who submit written complaints to the Member, a copy of the written material approved by the Corporation which describes the ombudsman service approved by the Board of Directors pursuant to By-law 24.A.1.

2. By-law Number 1 of the Corporation is hereby amended by the addition of Section 15.1.4 as follows:

15. **Other Fees**

15.1.4 assessments or levies in respect of Members of the Corporation made by the ombudsman service approved by the Board of Directors.

13.1.3 IDA Discipline Penalties Imposed on Anthony Addolorato Colalillo - Violations of Regulation 1300.1(c) and By-law 29.1

Contact:
Kenneth J. Kelertas
Enforcement Counsel
(416) 943-5781
kkelertas@ida.ca

BULLETIN #3070
November 11, 2002

DISCIPLINE

**DISCIPLINE PENALTIES IMPOSED ON ANTHONY ADDOLORATO COLALILLO
VIOLATIONS OF REGULATION 1300.1(C) AND BY-LAW 29.1**

**Person
Disciplined**

The Ontario District Council of the Investment Dealers Association of Canada ("the Association") has imposed discipline penalties on Anthony Addolorato Colalillo, at the relevant time a registered representative with Nesbitt Burns Inc. (now BMO Nesbitt Burns Inc.), a Member of the Association.

**By-laws,
Regulations,
Policies
Violated**

On November 5, 2002, the Ontario District Council considered, reviewed, and accepted a Settlement Agreement negotiated between Mr. Colalillo and Staff of the Enforcement Department of the Association.

Pursuant to the Settlement Agreement, Mr. Colalillo admitted to the following conduct:

1. That between January 1995 and May 1997 inclusive, while a Registered Representative of a Member of the Association, he failed to use due diligence to ensure that the recommendations made for the client account of J.S. were appropriate for the client and in keeping with the client's investment objectives, contrary to Regulation 1300.1(c).
2. That between February 1995 and April 1997, inclusive, while a Registered Representative of a Member of the Association, he failed to use due diligence to ensure that the recommendations made for the client accounts of A.T. and A.T. were appropriate for the clients and in keeping with the clients' investment objectives, contrary to Regulation 1300.1(c).
3. That on or about July 31, 1996, while a Registered Representative of a Member of the Association, he failed to exercise due diligence in the solicitation and transfer of securities between the accounts of unrelated clients resulting in a monetary loss to his client A.T., and therefore engaged in business conduct or practice which is unbecoming a registered representative contrary to By-Law 29.1

**Penalty
Assessed**

The discipline penalty assessed against Mr. Colalillo is as follows:

1. a fine in the amount of \$20,000 payable to the Association within 30 days of the effective date of the Settlement Agreement;
2. concurrently, as a condition of his re-approval in any capacity with a Member of the Association, re-writing and passing the Canadian Securities Course and the examination based on the Conduct and Practices Handbook for security industry professionals, administered by the Canadian Securities Institute;
3. concurrently, as a condition of his re-approval in any capacity with a Member of the Association, filing with the Association monthly supervision reports for a period of 12 months following any re-approval;
4. concurrently, a prohibition on his re-approval on any capacity until such as the fine and costs are paid in full; and
5. concurrently, as a condition of continued approval that in the event that he fails to comply with any of these discipline penalties within the time prescribed, the Ontario District Council may upon application by the Senior Vice President, Member Regulation and without further notice to the Respondent, suspend his approval until the penalties are complied with.

Further, Mr. Colalillo is required to pay the Association's costs of the investigation and prosecution of this matter in the amount of \$5,000.

**Summary
of Facts**

Mr. Colalillo was at all material times a registered representative with Nesbitt Burns Inc. (now BMO Nesbitt Burns Inc.) ("Nesbitt"), at its Mississauga, Ontario branch. He worked with Nesbitt from May 1993 to August 27, 1997.

In October 1998, the Association initiated investigations into written complaints submitted by two of Mr. Colalillo's clients relating to the handling of their respective accounts. The complaints mainly related to Mr. Colalillo's recommendation to his clients to purchase, accumulate, and hold shares in Tee-Com Electronics Inc. ("Tee-Com"). Tee-Com manufactured and distributed home satellite systems through an international network of distributors and dealers. Tee-Com reported operating revenue from 1990 to 1996. Nesbitt's Research Department initiated coverage of Tee-Com March 1995. Nesbitt's Research Department never gave Tee-Com an above average rating and from January 1996 onwards, gave it a "least recommended" rating, advising investors to reduce their positions. In June 1996, Tee-Com completed a \$107 million issue of convertible debentures, through the Bank of Montreal. However, in May 1997, the Bank of Montreal demanded repayment of the debt and subsequently an interim receiver was appointed. Soon thereafter, the shares in Tee-Com became worthless.

Despite knowing that Tee-Com was not a recommended security, even in the opinion of Nesbitt's Research Department, Mr. Colalillo continued to indicate to J.S., and to A.T. and his wife that Tee-Com was a quality security and discouraged them from selling it.

J.S.'s stated investment objectives were 25% preservation, 25% income, 25% moderate growth and 25% aggressive speculative. At no time between January 1995 and August 1997 did the J.S. margin account hold any securities that met the capital preservation or income objectives of the client. Furthermore, between April 1996 and December 1996, the J.S. margin account was entirely concentrated in aggressive, high-risk securities, and between December 1996 and August 1997, was primarily concentrated in holdings in Tee-Com. The client was a relatively unsophisticated investor. From October 31, 1995 to June 30, 1997, J.S. lost \$57,017 as a result of Mr. Colalillo's unsuitable investment recommendations.

With respect to the client accounts of A.T. and his wife, the stated investment objectives of their accounts were 10% preservation of capital, 10% income, 40% moderate growth and 40% aggressive trading. Between August 1993 and June 1997, A.T.'s accounts did not hold any securities that met the preservation, income or moderate growth objectives. Rather, between October 1993 and April 1997, Mr. Colalillo solicited a large number of transactions for A.T.'s accounts involving Tee-Com securities. From February 1995 to June 1996, Tee-Com ranged from 49 to 90% of the net equity value of A.T.'s joint account that he held with his wife, and over 50% of the net equity value of A.T.'s personal margin account. Throughout this period, the accounts were concentrated in Tee-Com and did not conform to the clients' stated investment objectives. From 1993 to June 1998, A.T. and his wife had a total net loss in their accounts of \$111,000.

In addition to the suitability concerns, the Association's investigation also disclosed that in late July 1996, Mr. Colalillo approached A.T. and asked him to participate in a transaction that involved the transfer of shares from two other Nesbitt clients, both of whom were U.S. residents. Mr. Colalillo explained that the U.S. clients wanted to sell their shares in Tee-Com and asked A.T. to facilitate the transfer. To complete the transfer of the Tee-Com shares from the U.S. clients to A.T., Mr. Colalillo solicited the sale on the open market of the shares in Tee-Com that A.T. had already held, as well as some shares in other companies that A.T. held in his account. The cash from the transactions were then transferred to the accounts of the other two clients. The Respondent represented to A.T. that these transactions would result in a "wash"; in fact, A.T. paid \$107,442 for securities that had an actual fair market value of \$93,926, a difference of \$13,516. The transactions also resulted in A.T. taking on an increased exposure to Tee-Com, which decreased the quality of the account. Mr. Colalillo subsequently admitted that the transactions in question were not in the best interests of A.T., and that the transfers amounted to conduct unbecoming a registered representative.

From August 1997 to the present, Mr. Colalillo has not been employed in any capacity with a Member firm.

Kenneth A. Nason
Association Secretary

13.1.4 Discipline Pursuant to IDA By-law 20 - Anthony Addolorato Colalillo - Settlement Agreement

Bulletin No. 3070

**IN THE MATTER OF
DISCIPLINE PURSUANT TO BY-LAW 20 OF
THE INVESTMENT DEALERS ASSOCIATION OF CANADA**

Re: Anthony Addolorato Colalillo

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The staff ("Staff") of the Investment Dealers Association of Canada ("the Association") has conducted an investigation (the "Investigation") into the conduct of Anthony Addolorato Colalillo ("the Respondent").
2. The Investigation discloses matters for which the District Council of the Association ("the District Council") may penalize the Respondent by imposing discipline penalties.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff and the Respondent consent and agree to the settlement of these matters by way of this Settlement Agreement in accordance with By-law 20.25.
4. This Settlement Agreement is subject to its acceptance, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council in accordance with By-law 20.26.
5. Staff and the Respondent jointly recommend that the District Council accept this Settlement Agreement.
6. If at any time prior to the acceptance of this Settlement Agreement, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council, there are new facts or issues of substantial concern in the view of Staff regarding the facts or issues set out in Section III of this Settlement Agreement, Staff will be entitled to withdraw this Settlement Agreement from consideration by the District Council.

III. STATEMENT OF FACTS

(i) Acknowledgement

7. Staff and the Respondent agree with the facts set out in this Section III and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

(ii) Background

8. In October 1998, the Association initiated investigations into written complaints admitted by J.S. and A.T. relating to the handling of their respective accounts at Nesbitt Burns Inc. -now BMO Nesbitt Burns Inc.- ("Nesbitt"), a member of the Association, at its Mississauga branch, and specifically into the actions of the Respondent, a Registered Representative with Nesbitt.
9. The Respondent was employed at the Mississauga branch office of Nesbitt from May 1993 to August 28, 1997, at which time the Respondent resigned from Nesbitt. The Respondent was approved as a Registered Representative effective January 17, 1994 and as a Registered Representative – Options as of January 16, 1996. The Respondent is currently not employed in any capacity with a Member firm.

(iii) Accounts of J.S.

10. On July 7, 1993, J.S. opened a margin account and two RRSP accounts at Nesbitt's Mississauga branch office. J.S. was a friend of the Respondent. The Respondent solicited the accounts.
11. John Dunn, the Branch Manager ("Dunn"), and Andreas Kiedrowski, the Assistant Branch Manager ("Kiedrowski"), signed the New Account Application Forms ("NAAF"), opening the accounts, as the Respondent was not registered

with the Association at the time. The Respondent prepared the NAAFs, and was responsible for the day-to-day management of the accounts. Dunn and Kiedrowski had little or no involvement in the actual management of the accounts.

12. The NAAFs indicated that J.S. was 34 years of age, self-employed, and had a net income of between \$20,000 and \$40,000. J.S.'s net worth was stated as being under \$25,000. The NAAFs also indicated that J.S. had "extensive investment experience", even though J.S.'s only previous investment experience was in real estate and not in securities.

13. The NAAFs set out that J.S.'s investment objectives were:

Account	Preservation	Income	Moderate Growth	Aggressive
RRSPs	0%	50%	50%	0%
Margin Account	25%	25%	25%	25%

14. After opening J.S.'s margin account, the Respondent solicited the purchase of shares in speculative and growth mining and technology companies, most notably, First Miss Gold Inc., Chesbar Resources Inc. and Tee-Com Electronics Inc. ("Tee-Com"). The following is a summary of the transactions in J.S.'s margin account:

Date	Quantity Bought	Quantity Sold	Description	Price	Amount Bought (CDN \$)	Amount Sold (CDN \$)	Cash Withdrawal/ Cash Deposit
Oct 4/95	10,000		Chesbar Resources Inc.	\$0.68	\$6,983.60		
Oct 17/95			Deposit				\$6,983.60
Oct 17/95	2,000		First Miss Gold Inc.	\$22.00 (U.S. \$)	\$59,666.65		
Nov 1/95			Deposit				\$30,000.00
Nov 3/95			Deposit				\$6,000.00
Jan 9/96			Cheque issued				<\$9,000.00>
Mar 6/96	1,000		Tee-Com	\$16.125	\$16,428.17		
Apr 9/96		5,000	Chesbar Resources Inc.	\$1.2538		\$6,168.50	
Apr 19/96			Cheque issued				<\$2,000.00>
Apr 23/96		2,000	First Miss Gold inc.	\$29.00 (U.S. \$)		\$77,865.68	
Apr 23/96	5,000		Tee-Com	\$12.00	\$60,635.61		
Apr 25/96	5,000		Chesbar Resources Inc.	\$1.25	\$6,420.81		
Jun 17/96	10,000		Diamond Lake Minerals Inc.	\$0.15	\$2,156.12		
Aug 2/96		1,500	Tee-Com	\$10.45		\$15,544.50	
Nov 29/96	1,500		Tee-Com	\$8.80	\$13,483.68		
Apr 9/97			Deposit				\$22,000.00
Sept 24/97		6,000	Tee-Com (in receivership)	\$0		\$0	

15. Of the approximately \$43,000 deposited to the J.S. account between October 1995 and November 1995, \$30,000 was borrowed from the Bank of Montreal. At all material times, the account was highly leveraged, thereby increasing the risk associated with the investments in the account.

16. In April 1996, J.S. received a margin call. As a result, the Respondent solicited and authorized the sale of 2,000 First Miss shares. However, recognizing that Tee-Com had a higher margin rate (70%) than First Miss (50%), the Respondent immediately solicited the purchase of an additional 5,000 shares in Tee-Com by J.S. In July 1996, Nesbitt decreased the maximum loan rate for Tee-Com from 70% to 50%. Soon thereafter, J.S. received another margin call. Therefore, J.S. authorized the Respondent to sell 1,500 Tee-Com shares on August 2, 1996. In November 1996, the Respondent solicited the purchase of 1,500 shares of Tee-Com back into the J.S. margin account.

17. At no time between January 1995 and August 1997 did the J.S. margin account hold any securities that met the capital preservation or income objectives of the client. Furthermore, between April 1996 and December 1996, the J.S. margin account was entirely concentrated in aggressive, high-risk securities, and between December 1996 and August 1997, was primarily concentrated in holdings in Tee-Com.
18. Tee-Com manufactured and distributed home satellite systems through international network of distributors and dealers. Tee-Com reported operating revenue from 1990 to 1996. Nesbitt's Research Department initiated coverage of Tee-Com in March 1995. Nesbitt's Research Department never gave Tee-Com an above average rating and from January 1996 onwards, gave it "least recommended" rating, advising investors to reduce their positions.
19. In June 1996, Tee-Com completed a \$107 million issue of convertible debentures through the Bank of Montreal. However, in May 1997, the Bank of Montreal demanded repayment of the debt and an interim receiver was appointed. Soon thereafter, the shares in Tee-Com became worthless.
20. Despite knowing that Tee-Com was not a recommended security, even in the opinion of Nesbitt's Research Department, the Respondent continued to indicate to J.S. that Tee-Com was a quality security and discouraged him from selling it.
21. Between April 30, 1996 and April 30, 1997, Tee-Com amounted to over 100% of the net equity of the J.S. margin account. Further, between December 31, 1996 and April 30, 1997, the debit balance in the account exceeded:
 - a) the maximum loan value of the account causing the account to be undermargined; and
 - b) the client's net worth and annual income as indicated on the original NAAF.
22. From October 31, 1995 to June 30, 1997, the J.S. margin account had a loss of \$57,017.00, including \$4,169 in interest paid and \$2,808 in commissions.
23. In summary, the Respondent managed J.S.'s margin account and conducted transactions that caused the account to become a high-risk account with large debit balances resulting in the account not conforming to J.S.'s stated investment objectives.

(iv) Accounts of A.T. and A.T.

24. On May 19, 1993, A.T. and his wife A.T. opened joint accounts at Nesbitt's Mississauga branch office. On August 19, 1993, Mr. A.T. opened his own personal margin account ("A.T. margin account"). The Respondent was a friend of Mr. A.T.. The Respondent solicited the opening of the A.T. accounts with Nesbitt.
25. Dunn, the Branch Manager, signed the NAAFs for the joint accounts and Kiedrowski, the Assistant Branch Manager, signed the NAAF for the A.T. margin account, as at the time the Respondent was not yet registered with the Association. The Respondent prepared the NAAFs, and was responsible for the day-to-day management of the accounts. Dunn and Kiedrowski had little or no involvement in the actual management of the accounts.
26. The NAAFs indicated that Mr. A.T. was 50 years old and his wife was 41 years old. At the time, Mr. A.T. was employed by the Province of Ontario as a financial consultant and had extensive investment experience. The net income of the couple was between \$60,000 and \$100,000. Mrs. A.T.'s net income was listed as between \$20,000 and \$40,000 and together with her husband had a net worth of between \$100,000 and \$250,000.
27. The NAAFs set out the same investment objectives for all of their accounts as 10% preservation of capital, 10% income, 40% moderate growth and 40% aggressive trading.
28. Despite these stated investment objectives, between August 1993 and June 1997, the A.T. accounts did not hold any securities that met the preservation, income or moderate growth objectives.
29. Rather, between October 1993 and April 1997, the Respondent solicited the following transactions involving Tee-Com securities:

A.T. Margin Account

Date	Activity	Quantity	Price	Value
Oct 21, 1993	Purchase	1,000 shares	\$4.20	\$4,306
Nov 4, 1993	Purchase	1,000 shares	\$4.00	\$4,000
Sept 8, 1994	Purchase	3,000 shares	\$3.2733	\$9,988
Aug 9, 1996	Sell	2,000 shares	\$10.80	\$21,600
Aug 12, 1996	Sell	3,000 shares	\$10.56	\$31,280
Apr 23, 1997	Purchase	3,200 shares	\$2.8937	\$9,540

A.T. Joint Account

Date	Activity	Quantity	Price	Value
Nov 4, 1993	Purchase	1,000 shares	\$4.00	\$4,000
May 26, 1994	Purchase	2,000 shares	\$3.85	\$7,775
Aug. 8 1994	Purchase	2,000 shares	\$3.15	\$6,523
Jul 31, 1996	Transfer In	1,350 shares	Fair market value	\$13,702
Jul 31, 1996	Transfer In	6,000 shares	Fair market value	\$60,900
Aug 13, 1996	Sell	5,000 shares	\$10.605	\$52,624
Aug 22, 1996	Purchase	100,000 CSD	\$102.50	\$104,999

30. The Respondent continued to recommend to A.T. the purchase of Tee-Com securities even after the Respondent knew it was no longer a recommended security and discouraged A.T. from selling any shares of Tee-Com. In fact, even after Tee-Com had ceased trading, the Respondent and others in the Nesbitt Mississauga office continued to advise A.T. that Tee-Com was a safe investment.
31. From February 1995 to June 1996, Tee-Com ranged from 49 to 90 % of the net equity value of the A.T. joint account and at over 50% of net equity value of the A.T. margin account. Consequently, during this time period, the joint account and the A.T. margin account was concentrated in Tee Com and did not conform to the clients' stated investment objectives.
32. From the time the accounts were opened to June 1998, A.T. and his wife lost approximately \$186,000 in the joint account, but had a profit of approximately \$75,000 in the A.T. margin account, for a total of net loss \$111,000.

(v) Improper Transfer of Securities

33. In late July 1996, the Respondent approached A.T. and asked him to participate in a transaction that would involve the transfer of shares from two other clients of the Respondent, both of whom were U.S. residents. The Respondent explained that the U.S. clients had wanted to sell their shares in Tee-Com and asked A.T. to facilitate the transfer.
34. To this end, the Respondent solicited the sale in the open market of the Tee-Com shares in the A.T. joint account, as well as shares in BCE, Telfonos Mexico and a small position in Chesbar Resources Inc. The cash from these transactions was then transferred to the accounts of the Respondent's other two clients. In exchange, the A.T. joint account received 7,350 shares of Tee-Com and 18,403 shares of Chesbar Resources Inc.
35. These transactions affected the value of the A.T. joint account negatively in that
- although the Respondent had represented to A.T. that these transactions would result in a "wash", A.T. paid \$107,442 for securities that had an actual fair market value of \$93,926 – a difference of \$13,516; and
 - the transactions resulted in A.T. assuming an increased exposure to Tee-Com and Chesbar in the joint account, which decreased the quality of the account and increased the exposure of the account to Tee-Com.

36. Consequently, the transactions were not in the best interests of A.T. and his wife.

IV. CONTRAVENTIONS

37. Between January 1995 and May 1997 inclusive, the Respondent, while a Registered Representative of a Member of the Association, failed to use due diligence to ensure that the recommendations made for the client account of J.S. were appropriate for the client and in keeping with the client's investment objectives, contrary to Regulation 1300.1(c).
38. Between February 1995 and April 1997, inclusive, the Respondent, while a Registered Representative of a Member of the Association, failed to use due diligence to ensure that the recommendations made for the client accounts of A.T.

and A.T. were appropriate for the clients and in keeping with the clients' investment objectives, contrary to Regulation 1300.1(c).

39. On or about July 31, 1996, the Respondent, while a Registered Representative of a Member of the Association, failed to exercise due diligence in the solicitation and transfer of securities between the accounts of unrelated clients resulting in a monetary loss to his clients A.T. and A.T., and therefore engaged in business conduct or practice which is unbecoming a registered representative contrary to By-Law 29.1

V. ADMISSION OF CONTRAVENTIONS AND FUTURE COMPLIANCE

40. The Respondent admits the contravention of the Statutes or Regulations thereto, By-laws, Regulations, Rulings or Policies of the Association noted in Section IV of this Settlement Agreement. In the future, the Respondent shall comply with these and all By-laws, Regulations, Rulings and Policies of the Association.

VI. DISCIPLINE PENALTIES

41. The Respondent accepts the imposition of discipline penalties by the Association pursuant to this Settlement Agreement as follows:
- a) for the Contravention set out in paragraph 37 of Section IV above, a fine in the amount of \$ 7,500.00 payable to the Association within thirty (30) days of the effective date of this Settlement Agreement;
 - b) for the Contravention set out in paragraph 38 of Section IV above, a fine in the amount of \$ 7,500.00 payable to the Association within thirty (30) days of the effective date of this Settlement Agreement;
 - c) for the Contravention set out in paragraph 39 of Section IV above, a fine in the amount of \$ 5,000.00 payable to the Association within thirty (30) days of the effective date of this Settlement Agreement;;
 - d) for the Contraventions as set out in Section IV, concurrent, as a condition precedent to his re-approval in any capacity with a member of the Association, re-writing and passing the Canadian Securities Course, administered by the Canadian Securities Institute ;
 - e) for the Contraventions as set out in Section IV, concurrent, as a condition of his re-approval in any capacity with a member of the Association, re-writing and passing the examination based on the Conduct and Practices Handbook for Securities Industry Professionals, administered by the Canadian Securities Institute;
 - f) for the Contraventions as set out in Section IV, concurrent, as a condition of his re-approval in any capacity with a Member of the Association, filing with the Association monthly supervision reports for a period of 12 months following any re-approval;
 - g) for the Contraventions set out in Section IV, concurrent, a prohibition on his re-approval in any capacity until such time as the fine, and costs herein are paid in full;
 - h) for the Contraventions set out in Section IV, concurrent, a condition of continued approval that in the event the Respondent fails to comply with any of these discipline penalties within the time prescribed, the District Council may upon application by the Senior Vice President, Member Regulation and without further notice to the respondent suspend the approval of the Respondent until the penalties are complied with.

VII. ASSOCIATION COSTS

42. The Respondent shall pay the Association's costs of this proceeding in the amount of \$5,000.00 payable to the Association within thirty (30) days of the effective date of this Settlement Agreement;

VIII. EFFECTIVE DATE

43. This Settlement Agreement shall become effective and binding upon the Respondent and Staff in accordance with its terms as of the date of:
- (a) its acceptance; or
 - (b) the imposition of a lesser penalty or less onerous terms; or
 - (c) the imposition, with the consent of the Respondent, of a penalty or terms, more onerous,

by the District Council.

IX. WAIVER

44. If this Settlement Agreement becomes effective and binding, the Respondent hereby waives his right to a hearing under the Association By-laws in respect of the matters described herein and further waives any right of appeal or review which may be available under such By-laws or any applicable legislation.

X. STAFF COMMITMENT

45. If this Settlement Agreement becomes effective and binding, Staff will not proceed with disciplinary proceedings under Association By-laws in relation to the facts set out in Section III of the Settlement Agreement.

XI. PUBLIC NOTICE OF DISCIPLINE PENALTY

46. If this Settlement Agreement becomes effective and binding:

(a) the Respondent shall be deemed to have been penalized by the District Council for the purpose of giving written notice to the public thereof by publication in an Association Bulletin and by delivery of the notice to the media, the securities regulators and such other persons, organizations or corporations, as required by Association By-laws and any applicable Securities Commission requirements; and

(b) the Settlement Agreement and the Association Bulletin shall remain on file and shall be disclosed to members of the public upon request.

XII. ACCEPTANCE OR REJECTION OF SETTLEMENT AGREEMENT

47. If the District Council rejects this Settlement Agreement:

a) the provisions of By-laws 20.10 to 20.24, inclusive, shall apply, provided that no member of the District Council rejecting this Settlement Agreement shall participate in any hearing conducted by the District Council with respect to the same matters which are the subject of the Settlement Agreement; and

b) the negotiations relating thereto shall be without prejudice and may not be used as evidence or referred to in any hearing.

AGREED TO by Staff at the City of Toronto, in the Province of Ontario, this 25th day of October 2002.

"Wayne Welch" Witness	"K. Kelertas" Kenneth J. Kelertas Enforcement Counsel on behalf of the Staff of the Investment Dealers Association of Canada
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AGREED TO by the Respondent at the City of Toronto, in the Province of Ontario, this 25th day of October 2002.

"Wayne Welch" Witness	"A. Colalillo" Anthony Addolorato Colalillo Respondent
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ACCEPTED BY the Ontario District Council of the Investment Dealers Association of Canada, at the City of Toronto, in the Province of Ontario, this 5th day of November 2002.

Investment Dealers Association of Canada
(Ontario District Council)

Per: "F. Kaufman"
"F.M. Walsh"
"D. Kerr"

13.1.5 Discipline Penalties imposed on Graeme Hamilton – Violations of Regulation 1300.4 and By-Law 29.1

Contact:
Andrew P. Werbowski
Enforcement Counsel
(416) 943-5789

BULLETIN #3069
November 11, 2002

DISCIPLINE

**DISCIPLINE PENALTIES IMPOSED ON GRAEME HAMILTON
VIOLATIONS OF REGULATION 1300.4 AND BY-LAW 29.1**

Person Disciplined	The Ontario District Council of the Investment Dealers Association of Canada (the "Association") has imposed discipline penalties on Graeme Hamilton, at all material times a registered representative with Burns Fry Ltd. (now BMO Nesbitt Burns Inc.), a Member of the Association.
By-laws, Regulations, Policies Violated	<p>On November 1, 2002, the Ontario District Council considered, reviewed and accepted a Settlement Agreement negotiated between Mr. Hamilton and Association staff.</p> <p>Pursuant to the Settlement Agreement, Mr. Hamilton admitted that:</p> <ul style="list-style-type: none">• Between September 1995 and August 1997 he exercised discretion in effecting trades for clients in accounts in respect of which the clients had not given written authorization and the Member firm had not accepted as discretionary accounts; and• Between September 1996 and May 1997 he gave false and inaccurate account information to his client regarding the market value of the account contrary to Association By-law 29.1.
Penalty Assessed	<p>The discipline penalties assessed against Mr. Hamilton include a fine in the amount of \$20,000.00, as follows:</p> <ul style="list-style-type: none">• \$10,000.00 for the discretionary trading (Regulation 1300.4); and• \$10,000.00 for the provision of inaccurate account information (By-law 29.1) <p>Mr. Hamilton is also required to pay \$6,400.00 towards the Association's costs of the investigation of this matter.</p>
Summary of Facts	<p>In 1995, three accounts were opened by Mr. Hamilton for his clients who are also his parents-in-law. The accounts included a joint cash account and two individual RRSP accounts. At this time the clients had taken early retirement and left Toronto to go cruising on their sailboat for an indefinite length of time. There was an understanding that Mr. Hamilton would monitor the account and exercise his discretion with respect to trading activity. Despite this understanding, no appropriate documentation was executed.</p> <p>The accounts did not perform as well as had been expected. The clients had requested that they be advised of the market value of the account, and in particular, if the account dropped below a minimum value. In the summer of 1997, Mr. Hamilton gave the clients inaccurate information regarding the market value of their portfolio despite it having dropped below the stated minimum value.</p> <p>Mr. Hamilton is currently employed with CIBC World Markets Inc.</p>

Kenneth A. Nason
Association Secretary

13.1.6 IDA Discipline Penalties Imposed on Roger Ancil Rambhajan – Violations of By-law 29.1

Contact:
Kathryn Andrews
Enforcement Counsel
(416) 865-3048

BULLETIN #3072
November 12, 2002

DISCIPLINE

DISCIPLINE PENALTIES IMPOSED ON ROGER ANCIL RAMBHAJAN – VIOLATIONS OF BY-LAW 29.1

Person Disciplined The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Roger Ancil Rambhajan, at all material times a registered representative with Merit Investment Corporation, subsequently Rampart Securities Inc., a former Member of the Association.

By-laws, Regulations, Policies Violated Following a disciplinary hearing on November 4, 2002, the Ontario District Council found Roger Ancil Rambhajan to have violated Association By-law 29.1 by engaging in conduct unbecoming or contrary to the public interest by:

- (a) forging the signature of client GK on a guarantee and by filing the guarantee with the Member so that the joint account of clients GK and PK would guarantee the account of a third party JA, without the knowledge or consent of the clients, and by subsequently forging GK's signature on a letter sent by the Member to confirm the guarantee;
- (b) forging the signature of client JK on a guarantee and by filing the guarantee with the Member so that JK's account would guarantee the account of a third party JR, without the knowledge or consent of the client;
- (c) forging the signature of client JS on a guarantee and by filing the guarantee with the Member so that JS's account would guarantee the account of a third party JT, without the knowledge or consent of the client;
- (d) creating false trade confirmation slips and presenting them to GK, indicating falsely that two trades requested by the client had been executed;
- (e) executing trades in the accounts of GK/PK, JK, SK and JS, all without the knowledge or consent of the clients, and;
- (f) diverting mail intended for GK/ PK, JK and SK to addresses used by Roger Ancil Rambhajan ("Mr. Rambhajan"), without the knowledge or consent of the clients.

Penalty Assessed The discipline penalties assessed against Mr. Rambhajan are as follows:

- A permanent prohibition on registration in any capacity with the Association;
- A fine in the amount of \$275,000, broken down as follows:
 - i) \$150,000 with respect to client forgeries and falsification of documents;
 - ii) \$100,000 with respect to the unauthorized trading; and
 - iii) \$25,000 with respect to the diversion of client mail.
- Disgorgement of commissions in the amount of \$7,220.49; and
- Payment of the Association's costs in the amount of \$48,400.

In addition, the above amounts were ordered to be paid within 30 days.

Summary of Facts At all material times, Mr. Rambhajan was approved as a registered representative with Rampart Securities Inc., formerly Merit Investment Corporation. Rampart Securities Inc. is a former Member of the Association ("RSI" or "the Member").

Clients GK and PK:

In July 1997 Mr. Rambhajan forged the signature of client GK on a guarantee. He then completed and filed the guarantee with the Member, thereby indicating that the joint account of clients GK and PK would guarantee the account of JA, an acquaintance of Mr. Rambhajan. The guarantee was prepared and filed without the knowledge or consent of GK or PK.

In order to conceal this conduct and his subsequent conduct from GK and PK, Mr. Rambhajan instructed the Member to re-direct account mail to a new address. The address was one used by Mr. Rambhajan and unknown to the clients.

In October 1997, the Member's auditor sent a letter to GK and PK requesting that they confirm that they were content to have their account guarantee JA's account. This letter went to the false address. Mr. Rambhajan again forged the signature of GK and responded to the auditor's letter in the affirmative.

Between January 1998 and June 1998, Mr. Rambhajan effected 31 unauthorized trades in the joint account, thereby liquidating the clients' account holdings, and did so without the knowledge or consent of GK or PK.

In or around March 1998, GK had instructed Mr. Rambhajan to execute two purchases of a security. Mr. Rambhajan did not do so. In May 1998, Mr. Rambhajan prepared and then personally delivered to GK two forged trade confirmation slips to induce GK to believe that the trades had been made.

Client JK:

In December 1997, Mr. Rambhajan forged the signature of client JK on a guarantee. He then completed and filed the guarantee with the Member, thereby indicating that JK's account would guarantee the account of JR, an acquaintance of Mr. Rambhajan. He prepared and filed the guarantee without the knowledge or consent of JK.

Throughout the first half of 1998, Mr. Rambhajan effected 48 unauthorized trades in JK's account and liquidated the account holdings, without the knowledge or consent of the client.

In order to conceal the unauthorized trading from JK, Mr. Rambhajan instructed RSI to re-direct account mail to an address used by Mr. Rambhajan.

Client SK:

Beginning in April 1998, Mr. Rambhajan effected 18 unauthorized trades in SK's account, and liquidated the holdings in the account, without the knowledge or consent of the client.

In order to conceal the unauthorized trading from SK, Mr. Rambhajan instructed RSI to re-direct account mail to an address used by Mr. Rambhajan.

Client JS:

In November 1997, Mr. Rambhajan forged the signature of JS on a guarantee. He then completed and filed the guarantee with the Member, thereby indicating that JS's account would guarantee the account of a third party JT. The guarantee was prepared and filed without JS's knowledge or authorization.

In June 1998, Mr. Rambhajan sold the one security held by JS, and did so without the knowledge or consent of the client.

Mr. Rambhajan has not been registered in any capacity with the Association since August 20, 1998.

Kenneth A. Nason
Association Secretary

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