The Ontario Securities Commission

OSC Bulletin

November 22, 2002

Volume 25, Issue 47

(2002), 25 OSCB

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
Cadillac Fairview Tower
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

Published under the authority of the Commission by:
Carswell
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

416-609-3800 or 1-800-387-5164

Contact Centre - Inquiries, Complaints:	Fax: 416-593-8122
Capital Markets Branch:	Fax: 416-593-3651
- Registration:	Fax: 416-593-8283
Corporate Finance Branch:	
- Filings Team 1:	Fax: 416-593-8244
- Filings Team 2:	Fax: 416-593-3683
- Continuous Disclosure:	Fax: 416-593-8252
- Insider Reporting	Fax: 416-593-3666
- Take-Over Bids / Advisory Services:	Fax: 416-593-8177
Enforcement Branch:	Fax: 416-593-8321
Executive Offices:	Fax: 416-593-8241
General Counsel's Office:	Fax: 416-593-3681
Office of the Secretary:	Fax: 416-593-2318

The OSC Bulletin is published weekly by Carswell, under the authority of the Ontario Securities Commission.

Subscriptions are available from Carswell at the price of $549 per year.

Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

U.S.	$175
Outside North America	$400

Single issues of the printed Bulletin are available at $20.00 per copy as long as supplies are available.

ISSN 0226-9325

One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

Customer Relations
Toronto 1-416-609-3800
Elsewhere in Canada/U.S. 1-800-387-5164
World wide Web: http://www.carswell.com
Email: orders@carswell.com

Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

NOVEMBER 22, 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

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

CDS **TDX 76**

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

- -

THE COMMISSIONERS

David A. Brown, Q.C., Chair	—	DAB
Paul M. Moore, Q.C., Vice-Chair	—	PMM
Howard I. Wetston, Q.C., Vice-Chair	—	HIW
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
November 18 to 22, 2002 November 28, 29 and December 2, 2002 10:00 a.m. 22nd Floor, Training Room	**Brian Costello** s. 127 H. Corbett in attendance for Staff Panel: PMM / KDA/MTM
November 18 & 25, 2002 9:00 a.m. - 12:00 p.m. November 19, 2002 9:00 a.m. - 3:00 p.m. November 20 - 22, 27 - 29, 2002 9:30 a.m. - 4:30 p.m.	**YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths McBurney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)** s.127 K. Daniels/M. Code/J. Naster/I. Smith in attendance for staff. Panel: HIW / DB / RWD
November 20 to December 4, 2002 10:00 a.m. Alcohol and Gaming Commission, 20 Dundas St. W., 7th Floor	**Michael Goselin, Irvine Dyck, Donald Mccrory and Roger Chiasson** s. 127 T. Pratt in attendance for Staff Panel: HLM / MTM

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
January 8, 9 & 10, 2003 Time: 10:00 a.m.	**Jack Banks A.K.A. Jacques Benquesus and Larry Weltman** s. 127 K. Manarin in attendance for Staff Panel: TBA
January 15 & 16, 2003	**Offshore Marketing Alliance and Warren English** s. 127 A. Clark in attendance for Staff Panel: TBA
February 17 to 21, 2003 and February 25 to 28, 2003. All days10:00 a.m. Except, February 18, 2003 at 2:30 p.m.	**Teodosio Vincent Pangia, Agostino Capista and Dallas/North Group Inc.** s. 127 Y. Chisholm in attendance for Staff Panel: TBA
March 24, 25, 26 & 27, 2003 10:00 a.m.	**Edwards Securities Inc., David Gerald Edwards, David Frederick Johnson, Clansman 98 Investments Inc. and Douglas G. Murdock** s. 127 A. Clark in attendance for Staff Panel: PMM

ADJOURNED SINE DIE

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

DJL Capital Corp. and Dennis John Little

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

First Federal Capital (Canada) Corporation and Monter Morris Friesner

Global Privacy Management Trust and Robert Cranston

Irvine James Dyck

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

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

Philip Services Corporation

Rampart Securities Inc.

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

S. B. McLaughlin

Southwest Securities

1.1.2 Notice of Minister of Finance Approval - Memorandum of Understanding about the Oversight of Exchanges and Quotation and Trade Reporting Systems

NOTICE OF MINISTER OF FINANCE APPROVAL
MEMORANDUM OF UNDERSTANDING ABOUT THE OVERSIGHT OF EXCHANGES AND QUOTATION AND TRADE REPORTING SYSTEMS

On November 7, 2002, the Minister of Finance approved the memorandum of understanding (MOU) about the oversight of exchanges and quotation and trade reporting systems (QTRSs). The MOU became effective in Ontario on November 7, 2002. The MOU will replace the MOU regarding the oversight of the Canadian Venture Exchange (now known as TSX Venture Exchange Inc.) and include all securities commissions with exchanges or QTRSs in their jurisdiction based on a lead regulator model. It is intended that this MOU will form the basis in the future for the oversight of exchanges and QTRSs. The MOU was published in the Bulletin on September 13, 2002 at (2002) 25 OSCB 6161.

1.1.3 Notice of Minister of Finance Approval of Amendments to OSC Rule 45-502 and OSC Rule 45-503, and Rescission of OSC Rule 72-501

NOTICE OF MINISTER OF FINANCE APPROVAL
OF AMENDMENTS TO
OSC RULE 45-502 AND OSC RULE 45-503,
AND RESCISSION OF OSC RULE 72-501

On November 14, 2002, the Minister of Finance approved rules that amend Rule 45-502 *Dividend or Interest Reinvestment and Stock Dividend Plans* and Rule 45-503 *Trades to Employees, Executives and Consultants*, and that rescind Rule 72-501 *Prospectus Exemption for First Trade Over a Market Outside Ontario* under section 143 of the *Securities Act* (the Act) (collectively, the Amendments). The Amendments come into force on December 1, 2002.

The Amendments are being published in Chapter 5 of the Bulletin. Materials related to the Amendments were previously published in the Bulleting on September 14, 2001 at (2001) 24 OSCB 5567 and September 20, 2002 at (2002) 25 OSCB 6261.

1.1.4 Request for Comments - TSX Proposed Market-On-Close System

THE TORONTO STOCK EXCHANGE – THE PROPOSED MARKET-ON-CLOSE SYSTEM

REQUEST FOR COMMENTS

A request for comments on the TSX's revised Proposed Market-On-Close System is published in Chapter 13 of the Bulletin.

1.2 Notices of Hearing

1.2.1 Donald McCrory - s. 127

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

AND

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

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsection 127(1) of the *Securities Act,* R.S.O. 1990, c. S.5, as amended at the offices of the Commission, Small Hearing Room, 17th Floor, 20 Queen Street West, Toronto on Friday, November 15, 2002 at 11:00 a.m., or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing will be for the Commission to consider whether to approve the proposed settlement of the proceeding entered into between Staff of the Commission and Donald McCrory;

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

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

November 12, 2002.

"John Stevenson"

1.2.2 First Federal Capital (Canada) Corporation and Monte Morris Friesner - Amended Statement of Allegations

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

AND

IN THE MATTER OF
FIRST FEDERAL CAPITAL (CANADA) CORPORATION
AND MONTE MORRIS FRIESNER

AMENDED STATEMENT OF ALLEGATIONS OF
STAFF OF THE
ONTARIO SECURITIES COMMISSION

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

1. First Federal Capital (Canada) Corporation ("First Federal") was incorporated under the laws of Ontario on January 7, 1999.

2. Monte Morris Friesner ("Friesner") is a resident of Toronto, Ontario. Friesner is a director and is the president and chief executive officer of First Federal.

3. First Federal operated a web site at www.firstfederalcanada.com (the "Web site') which solicited potential investors to invest in Asset Securitization Management Portfolios (the "trading programs").

4. The Web site advertised that First Federal administrated, created and managed the trading programs and that First Federal could not "perceive any circumstances in which the Investor receives a return of less than 20% per annum". It further advertised that "[t]he Investors' assets are guaranteed…" and invited visitors to the Web site to contact First Federal to obtain copies of further information regarding the trading programs.

5. Neither First Federal nor Friesner, is or has ever been, registered in any capacity under Ontario securities law.

6. The activities of First Federal and Friesner in connection with the trading programs_constitute trading in securities without registration, contrary to Ontario securities law.

7. The trading programs offered by First Federal and Friesner constitute a distribution of securities for which no prospectus was issued and no exemption was available, contrary to Ontario securities law.

8. Friesner authorized, permitted or acquiesced in First Federal's conduct in connection with the trading programs.

Conduct Contrary To the Public Interest

9. The conduct of the respondents as described above contravened Ontario securities law and was contrary to the public interest.

10. Staff reserves the right to make such further and other allegations as Staff may submit and the Commission may permit.

November 15, 2002.

1.2.3 Michael Goselin - s. 127

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

AND

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

NOTICE OF HEARING
(SECTION 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsection 127(1) of the *Securities Act,* R.S.O. 1990, c. S.5, as amended at the offices of the Alcohol & Gaming Commission of Ontario, 7th Floor, 20 Dundas Street West, Toronto on Monday, November 18, 2002 at 2:00 p.m., or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing will be for the Commission to consider whether to approve the proposed settlement of the proceeding entered into between Staff of the Commission and Michael Goselin;

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

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

November 15, 2002.

"John Stevenson"

1.2.4 Irvine Dyck - s. 127

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

AND

IN THE MATTER OF
MICHAEL GOSELIN, IRVINE DYCK,
DONALD McCRORY AND ROGER CHIASSON

AND

IN THE MATTER OF
IRVINE JAMES DYCK

NOTICE OF HEARING
(SECTION 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsection 127(1) of the *Securities Act,* R.S.O. 1990, c. S.5, as amended at the offices of the Alcohol & Gaming Commission of Ontario, 7th Floor, 20 Dundas Street West, Toronto on Monday, November 18, 2002 at 2:00 p.m., or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing will be for the Commission to consider whether to approve the proposed settlement of the proceeding entered into between Staff of the Commission and Irvine Dyck;

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

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

November 18, 2002.

"John Stevenson"

1.3 News Releases

1.3.1 OSC to Consider a Settlement Between Staff and Donald McCrory

FOR IMMEDIATE RELEASE
November 13, 2002

ONTARIO SECURITIES COMMISSION TO CONSIDER A SETTLEMENT BETWEEN STAFF AND DONALD McCRORY

TORONTO – On November 15, 2002 commencing at 11:00 a.m., the Ontario Securities Commission will convene a hearing at the offices of the Commission, Small Hearing Room, located at 20 Queen Street West, 17th floor, Toronto, to consider a settlement reached by Staff of the Commission and the respondent Donald McCrory.

During the material time, Mr. McCrory was registered with the Commission to trade mutual fund securities and limited market products. Staff alleges that he participated in illegal distributions of the North George Capital Limited Partnerships and Lionaird Capital Corp. securities and engaged in other conduct contrary to Ontario securities law and the public interest.

The terms of the settlement agreement between Staff and Mr. McCrory are confidential until approved by the Commission. The hearing is open to the public except as may be required for the discussion of confidential matters.

Copies of the Notice of Hearing and Statement of Allegations of Staff of the Commission are available on the Commission's website, **www.osc.gov.on.ca**, or from the Commission offices at 20 Queen Street West, 19th floor, Toronto.

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 15, 2002

OSC PROCEEDING IN RESPECT OF LIVENT INC. ET AL

TORONTO – Following a hearing before the Ontario Securities Commission (the "Commission") in respect of Livent Inc., Garth H. Drabinsky ("Drabinsky"), Myron I. Gottlieb ("Gottlieb"), Gordon Eckstein ("Eckstein") and Robert Topol ("Topol") on November 1 and 15, 2002, the Commission ordered that the proceeding before the Commission is adjourned *sine die*, pending the conclusion of the trial of the Criminal Code charges in respect of Drabinsky, Gottlieb, Eckstein and Topol.

Copies of the Notice of Hearing issued on July 3, 2001 and Statement of Allegations, and the Order of the Commission made on November 15, 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

Melissa Kennedy
Manager of Litigation,
Enforcement Branch
416-593-2346

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

1.3.3 OSC Proceedings in Respect of First Federal Capital (Canada) Corporation and Monte Morris Friesner

FOR IMMEDIATE RELEASE
November 15, 2002

OSC PROCEEDINGS IN RESPECT OF FIRST FEDERAL CAPITAL (CANADA) CORPORATION AND MONTE MORRIS FRIESNER

TORONTO – On November 15, 2002, Staff of the Ontario Securities Commission amended the Statement of Allegations with respect to this matter.

A copy of the Amended Statement of Allegations is 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

Melissa Kennedy
Manager of Litigation,
Enforcement Branch
416-593-2346

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

1.3.4 OSC to Consider a Settlement Between Staff and Michael Goselin

FOR IMMEDIATE RELEASE
November 15, 2002

ONTARIO SECURITIES COMMISSION TO CONSIDER A SETTLEMENT BETWEEN STAFF AND MICHAEL GOSELIN

TORONTO – On November 18, 2002 commencing at 2:00 p.m., the Ontario Securities Commission will convene a hearing at the Alcohol & Gaming Commission of Ontario, 7th floor, Hearing Room D, 20 Dundas Street West, to consider a settlement reached by Staff of the Commission and the respondent Michael Goselin.

During the material time, Mr. Goselin was registered with the Commission to trade mutual fund securities and limited market products. Staff alleges that he participated in illegal distributions of the North George Capital Limited Partnerships and Lionaird Capital Corp. securities and engaged in other conduct contrary to Ontario securities law and the public interest.

The terms of the settlement agreement between Staff and Mr. Goselin are confidential until approved by the Commission. The hearing is open to the public except as may be required for the discussion of confidential matters.

Copies of the Notice of Hearing and Statement of Allegations of Staff of the Commission are available on the Commission's website, **www.osc.gov.on.ca** or from the Commission offices at 20 Queen Street West, 19th floor, Toronto.

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

Melissa Kennedy
Manager of Litigation,
Enforcement Branch
416-593-2346

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

1.3.5 OSC to Adjourn the Hearing as Against Michael Goselin, Irvine Dyck and Roger Chiasson

FOR IMMEDIATE RELEASE
November 15, 2002

ONTARIO SECURITIES COMMISSION TO ADJOURN THE HEARING AS AGAINST MICHAEL GOSELIN, IRVINE DYCK AND ROGER CHIASSON

TORONTO – The Ontario Securities Commission has adjourned the hearing as against Michael Goselin, Irvine Dyck and Roger Chiasson to November 20, 2002. The hearing was adjourned to accommodate a settlement hearing respecting Mr. Goselin scheduled for November 18, 2002 at 2:00 p.m. Staff's settlement with the final respondent, Donald McCrory was approved by the Commission this morning. The hearing will take place at the Alcohol & Gaming Commission, 7th floor, Hearing Room D, 20 Dundas Street West.

During the material time, Mr. Goselin and Mr. Dyck were registered with the Commission to trade mutual fund securities and limited market products. Mr. Chiasson was not registered. Staff alleges that the respondents participated in illegal distributions of the North George Capital Limited Partnerships and Lionaird Capital Corp. securities and engaged in other conduct contrary to Ontario securities law and the public interest.

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

Melissa Kennedy
Manager of Litigation,
Enforcement Branch
416-593-2346

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

1.3.6 OSC Approves a Settlement Between Staff and Donald McCrory

FOR IMMEDIATE RELEASE
November 15, 2002

ONTARIO SECURITIES COMMISSION APPROVES A SETTLEMENT BETWEEN STAFF AND DONALD McCRORY

TORONTO – This morning, the Ontario Securities Commission convened a hearing to consider a settlement reached between Staff of the Commission and the respondent Donald McCrory. Mr. McCrory, along with the respondents Michael Goselin, Irvine Dyck and Roger Chiasson, faced Staff allegations relating to his involvement with the North George Capital Limited Partnerships and Lionaird Capital Corp.

The Commission panel, chaired by Howard Wetston, approved the settlement. The Commission ordered that trading in any securities by Mr. McCrory cease for five years (with limited exceptions). Pursuant to the settlement, Mr. McCrory provided a written undertaking to the Commission that he will not apply for registration in any capacity for ten years.

Once the ten years has expired, in order to apply for registration Mr. McCrory must successfully complete the Canadian Securities Course and Conduct and Practices Handbook Course. If he ever becomes registered, Mr. McCrory has agreed to be subject to close supervision for one year.

Mr. McCrory became registered with the Commission in May 1996. Mr. McCrory's registration was sponsored by Triple A Financial Services Inc. Rod Alton was Triple A's president and a director. Between September 1996 and February 1998, McCrory sold approximately $900,000 worth of units in the North George Capital Limited Partnerships and promissory notes of Lionaird Capital Corp. The distributions of these securities contravened the *Securities Act*.

By selling the North George and Lionaird securities to his clients, Mr. McCrory participated in illegal distributions of securities and engaged in other conduct contrary to Ontario securities law and the public interest. Among other things, Mr. McCrory failed to conduct the appropriate due diligence and independent verification respecting the nature and quality of the investment products and did not have sufficient regard to their Offering Memoranda and financial statements.

Copies of the Notice of Hearing, Statement of Allegations of Staff of the Commission and Settlement Agreement are available on the Commission's website, **www.osc.gov.on.ca**, or from the Commission offices at 20 Queen Street West, 19th Floor, Toronto.

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

Melissa Kennedy
Manager of Litigation,
Enforcement Branch
416-593-2346

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

1.3.7 OSC to Consider a Settlement Between Staff and Irvine Dyck in the North George/Lionaird and Dual Capital Matters

FOR IMMEDIATE RELEASE
November 18, 2002

ONTARIO SECURITIES COMMISSION TO CONSIDER A SETTLEMENT BETWEEN STAFF AND IRVINE DYCK IN THE NORTH GEORGE/LIONAIRD AND DUAL CAPITAL MATTERS

TORONTO – On November 18, 2002 commencing at 2:00 p.m., the Ontario Securities Commission will convene a hearing to consider a settlement reached by Staff of the Commission and the respondent Irvine Dyck at the Alcohol & Gaming Commission of Ontario, 7th floor, Hearing Room D, 20 Dundas Street West.

During the material time, Mr. Dyck was registered with the Commission to trade mutual fund securities and limited market products. Staff alleges that he participated in illegal distributions of the North George Capital Limited Partnerships, Lionaird Capital Corp. and Dual Capital Limited Partnership securities and engaged in other conduct contrary to Ontario securities law and the public interest.

The terms of the settlement agreement between Staff and Mr. Dyck are confidential until approved by the Commission. The hearing is open to the public except as may be required for the discussion of confidential matters.

Copies of the Notice of Hearing and Statements of Allegations of Staff of the Commission are available on the Commission's website, **www.osc.gov.on.ca**, or from the Commission offices at 20 Queen Street West, 19th Floor, Toronto.

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)

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

FOR IMMEDIATE RELEASE
November 18, 2002

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

TORONTO – The decision of the panel in the matter of Lydia Diamond Exploration of Canada Ltd., Jurgen von Anhalt and Emilia von Anhalt will be released on November 19, 2002. The hearing originally scheduled for Tuesday, November 19, 2002 at 9:00 a.m. will not be convened.

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)

1.3.9 OSC Released Order in the Matter of Lydia Diamond Exploration of Canada Ltd., Jurgen von Anhalt and Emilia von Anhalt

FOR IMMEDIATE RELEASE
November 19, 2002

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

TORONTO – The Ontario Securities Commission issued an order in the matter of Lydia Diamond Exploration of Canada Ltd., Jurgen von Anhalt and Emilia von Anhalt.

- The order cease trades securities of Lydia by Lydia for three years except as specifically permitted in the order.
- The order cease trades the von Anhalts for 12 years except as specifically permitted in the order.
- The von Anhalts are ordered to resign all positions as an officer or director of any issuer. They are further prohibited from becoming an officer or director of any issuer for 15 years.
- Lydia and the von Anhalts are reprimanded and ordered to make a total payment of $225,000 in costs.

Copies of the Order and the Statement of Allegations 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)

1.3.10 OSC Chair David Brown Applauds MacKay Report

FOR IMMEDIATE RELEASE
November 19, 2002

OSC CHAIR DAVID BROWN APPLAUDS MACKAY REPORT

TORONTO – The Chair of the Ontario Securities Commission (OSC), David Brown, expressed support today for the report issued by Harold MacKay to federal Finance Minister John Manley. The report, which the Finance Minister immediately shared with his provincial counterparts, concludes consultations held across the country on a process to improve Canada's securities regulatory framework.

"Mr. MacKay's recommendations are timely. They recommend a consensus-based approach to resolve issues and bring national unity to our fragmented securities regulatory system," said Mr. Brown. "Mr. MacKay clearly recognizes the need to focus Canadians from all provinces and territories on the importance of building a system that unifies regulation for Canadian investors and issuers."

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

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

1.3.11 OSC Approves Settlements Between Staff and Michael Goselin and Irvine Dyck

FOR IMMEDIATE RELEASE
November 19, 2002

ONTARIO SECURITIES COMMISSION APPROVES SETTLEMENTS BETWEEN STAFF AND MICHAEL GOSELIN AND IRVINE DYCK

TORONTO – On November 18, 2002, the Ontario Securities Commission convened a hearing to consider settlements reached between Staff of the Commission and the respondents Michael Goselin and Irvine Dyck. These respondents, along with Donald McCrory and Roger Chiasson, faced Staff allegations relating to their involvement with the North George Capital Limited Partnerships and Lionaird Capital Corp. In a separate proceeding, Staff made allegations against Mr. Dyck in connection with his sales of units in the Dual Capital Limited Partnership.

The Commission panel approved the settlements. The Commission ordered that trading in any securities by Messrs. Goselin and Dyck cease for twenty years. They also are prohibited from becoming or acting as an officer or director of a reporting issuer for twenty years.

Mr. Goselin became registered with the Commission in 1988. Between August 1995 and February 1998, he sold approximately US$1.5 million worth of units in the North George Capital Limited Partnerships and $570,000 worth of promissory notes of Lionaird Capital Corp. to more than 70 Ontario investors, many of whom were retired or approaching retirement. He earned approximately $378,600 in commissions and trailer fees.

By selling the North George and Lionaird securities to his clients, Mr. Goselin participated in illegal distributions of securities and engaged in other conduct contrary to Ontario securities law and the public interest. Among other things, Mr. Goselin failed to conduct the appropriate due diligence and independent verification respecting the nature and quality of the investment products, made inappropriate representations to his clients and did not have sufficient regard to the Offering Memoranda and financial statements. Mr. Goselin advised certain clients to redeem conservative investments or borrow funds/mortgage their homes to purchase unsuitable investments.

Mr. Dyck became registered with the Commission in September 1987. Between October 1994 and December 1995, Dyck sold units in the Dual Capital Limited Partnership to 10 investors, earning US$30,000 in commissions. Between June 1996 and late February 1998, he sold approximately US$1.1 million worth of units in the North George Capital Limited Partnerships and $2.7 million worth of promissory notes of Lionaird Capital Corp. to more than 150 Ontario investors, a significant number of which were retired or approaching retirement. Of the $2.7 million, $1.8 million was invested by clients in the purported RRSP-eligible Lionaird product. He earned approximately $271,600 in commissions and trailer fees.

By selling the Dual, North George and Lionaird securities to his clients, Mr. Dyck participated in illegal distributions of securities and engaged in other conduct contrary to Ontario securities law and the public interest. Among other things, Mr. Dyck failed to conduct the appropriate due diligence and independent verification respecting the nature and quality of the investment products, failed to have sufficient regard to the North George financial statements which indicated that interest being paid to investors was coming largely from other investors' capital and made numerous inappropriate representations. Mr. Dyck did not adequately assess the suitability of the investments for his clients. Further, he recommended to certain clients that they invest a significant percentage of their savings/RRSP in these products. Both Mr. Dyck and Mr. Goselin continued to sell Lionaird to their clients in the face of difficulties experienced by North George.

Commissioner Wetston, in his oral decision approving the settlements, commented that the respondents' self-interest outweighed the public interest. The course of conduct pursued by Messrs. Dyck and Goselin was "quite inconsistent with the interests of their clients", said Howard Wetston Q.C., chair of the panel. "We agree that the conduct of Mr. Goselin and Mr. Dyck warrants the 20 years sanctions proposed in the settlement agreement".

Copies of the Notice of Hearing, Statement of Allegations of Staff of the Commission, Settlement Agreement and Order approving the settlement are available on the Commission's website, **www.osc.gov.on.ca**, or from the Commission offices at 20 Queen Street West, 19th Floor, Toronto.

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)

1.3.12 OSC to Seek an Adjournment of the Hearing as Against Roger Chiasson in the North George and Lionaird Proceeding

FOR IMMEDIATE RELEASE
November 20, 2002

OSC TO SEEK AN ADJOURNMENT OF THE HEARING AS AGAINST ROGER CHIASSON IN THE NORTH GEORGE AND LIONAIRD PROCEEDING

TORONTO – The Ontario Securities Commission counsel will seek a brief adjournment of the hearing as against the respondent Roger Chiasson. Staff's settlements with the other respondents, Michael Goselin, Irvine Dyck and Donald McCrory were approved recently by the Commission.

Mr. Chiasson was not registered with the Commission during the material time. Staff alleges that he engaged in unregistered trading, participated in illegal distributions of the North George Capital Limited Partnerships and Lionaird Capital Corp. securities and engaged in other conduct contrary to the public interest.

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

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)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 NCE Oil & Gas (1993) Fund et al. - 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
SASKATCHEWAN, 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
NCE OIL & GAS (1993) FUND,
NCE ENERGY ASSETS (1993) FUND,
NCE OIL& GAS (1994) FUND,
NCE ENERGY ASSETS (1994) FUND,
NCE ENERGY ASSETS (1995) FUND AND
NCE OIL & GAS (1995) FUND

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from NCE Oil & Gas (1993) Fund, NCE Energy Assets (1993) Fund, NCE Oil & Gas (1994) Fund, NCE Energy Assets (1994) Fund, NCE Energy Assets (1995) Fund and NCE Oil & Gas (1995) Fund (collectively, the "Filers") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the Filers be deemed to have ceased to be a reporting issuer under the Legislation;

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

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

1. Each of the Filers was formed under the laws of the Province of Ontario and its head office is located in Toronto, Ontario.

2. Each of the Filers, other than NCE Energy Assets (1995) (which is not a reporting issuer in Quebec and Saskatchewan) and NCE Energy Assets (1993) and NCE Energy Assets (1994) (which are not reporting issuers in Quebec), is a reporting issuer in each of the Jurisdictions and each of the Filers is not in default of any of the requirements of the Legislation.

3. Each of the Filers is authorized to issue an unlimited number of units (collectively, the “Units”). There are currently 8,335 Units of NCE Oil & Gas (1993) Fund, 11,515 Units of NCE Energy Assets (1993) Fund, 9,930 Units of NCE Oil & Gas (1994) Fund, 5,692 Units of NCE Energy Assets (1994) Fund, 17,648 Units of NCE Energy Assets (1995) Fund and 9,119 Units of NCE Oil & Gas (1995) Fund issued and outstanding.

4. Endev Energy Inc. (“Endev”) is the beneficial owner of all the Units.

5. Endev became the sole holder of the Units following the completion of a take-over bid made by way of a take-over bid circular dated April 30, 2002 and purchases made pursuant to an acquisition agreement dated August 13, 2002 between Endev and each of the Filers.

6. No securities of the Filers are listed or quoted on any exchange or market.

7. Other than the Units, the Filers have no securities, including debt securities, outstanding.

8. The Filers do not intend to seek public financing by way of an offering of their securities.

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

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

THE DECISION of the Decision Makers under the Legislation is that the each of the Filers is deemed to have ceased to be a reporting issuer under the Legislation as of the date hereof.

October 28, 2002.

“John Hughes”

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, SASKATCHEWAN, 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
NCE ENERGY ASSETS (1996) FUND

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from NCE Energy Assets (1996) Fund (the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the Filer be deemed to have ceased to be a reporting issuer under the Legislation;

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

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

1. The Filer was formed under the laws of the Province of Ontario and its head office is located in Toronto, Ontario.

2. The Filer is a reporting issuer in each of the Jurisdictions and is not in default of any of the requirements of the Legislation.

3. The Filer is authorized to issue an unlimited number of units (the “Units”). There are currently 15,673 Units issued and outstanding.

4. Endev Energy Inc. (“Endev”) is the beneficial owner of all the Units.

5. Endev became the sole holder of the Units following the completion of a take-over bid made by way of a take-over bid circular dated April 30, 2002 and purchases made pursuant to an acquisition agreement dated August 13, 2002 between the Filer and Endev.

6. No securities of the Filer are listed or quoted on any exchange or market.

7. Other than the Units, the Filer has no securities, including debt securities, outstanding.

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

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

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

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

October 28, 2002.

“John Hughes”

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, SASKATCHEWAN, 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
NCE OIL & GAS (1996) FUND

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from NCE Oil & Gas (1996) Fund (the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the Filer be deemed to have ceased to be a reporting issuer under the Legislation;

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

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

1. The Filer was formed under the laws of the Province of Ontario and its head office is located in Toronto, Ontario.

2. The Filer is a reporting issuer in each of the Jurisdictions and is not in default of any of the requirements of the Legislation.

3. The Filer is authorized to issue an unlimited number of units (the “Units”). There are currently 14,123 Units issued and outstanding.

4. Endev Energy Inc. (“Endev”) is the beneficial owner of all the Units.

5. Endev became the sole holder of the Units following the completion of a take-over bid made by way of a take-over bid circular dated April 30, 2002 and purchases made pursuant to an acquisition agreement dated August 13, 2002 between the Filer and Endev.

6. No securities of the Filer are listed or quoted on any exchange or market.

7. Other than the Units, the Filer has no securities, including debt securities, outstanding.

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

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

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

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

October 28, 2002.

“John Hughes”

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, SASKATCHEWAN, 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
NCE OIL & GAS (1997) FUND

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from NCE Oil & Gas (1997) Fund (the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the Filer be deemed to have ceased to be a reporting issuer under the Legislation;

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

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

1. The Filer was formed under the laws of the Province of Ontario and its head office is located in Toronto, Ontario.

2. The Filer is a reporting issuer in each of the Jurisdictions and is not in default of any of the requirements of the Legislation.

3. The Filer is authorized to issue an unlimited number of units (the “Units”). There are currently 8,421 Units issued and outstanding.

4. Endev Energy Inc. (“Endev”) is the beneficial owner of all the Units.

5. Endev became the sole holder of the Units following the completion of a take-over bid made by way of a take-over bid circular dated April 30, 2002 and purchases made pursuant to an acquisition agreement dated August 13, 2002 between the Filer and Endev.

6. No securities of the Filer are listed or quoted on any exchange or market.

7. Other than the Units, the Filer has no securities, including debt securities, outstanding.

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

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

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

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

October 28, 2002.

"John Hughes"

2.1.2 ClaringtonFunds Inc. - MRRS Decision

Headnote

Investment by mutual funds in a portfolio of specified mutual funds under common management exempted from the self-dealing prohibitions in clause 111(2)(b), subsection 111(3) and clause 118(2)(a) and from the reporting requirements of clauses 117(1)(a) and 117(1)(d), subject to certain specified conditions.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., 111(2)(b), 111(3), 117(1)(a), 117(1)(d) and 118(2)(a).

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

AND

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

AND

IN THE MATTER OF
CLARINGTONFUNDS INC.
CLARINGTON CANADIAN CORE PORTFOLIO
CLARINGTON U.S. CORE PORTFOLIO, AND
CLARINGTON GLOBAL CORE PORTFOLIO

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia, New Brunswick, and Newfoundland and Labrador (the "Jurisdictions") has received an application (the "Application") from ClaringtonFunds Inc. ("Clarington") on its own capacity and on behalf of the Top Funds (as hereinafter defined) for a decision (the "Decision") under the securities legislation of the Jurisdictions (the "Legislation") that the following restrictions and requirements contained in the Legislation (the "Applicable Requirements") shall not apply to investments by the Top Funds directly in securities of the applicable Underlying Funds (as hereinafter defined):

1. 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;

2. the requirements contained in the Legislation requiring the management company of a mutual fund, or in British Columbia, the 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;

3. the restrictions contained in the Legislation prohibiting a portfolio manager or, in British Columbia, the mutual fund, from knowingly causing an investment portfolio managed by it to invest in any issuer in which a "responsible person" (as that term is defined in the Legislation) is an officer or director, unless the specific fact is disclosed to the client and, if applicable, the written consent of the client to the investment is obtained before the purchase;

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;

AND WHEREAS Clarington has been represented to the Decision Makers that:

1. Clarington is a corporation established under the laws of the Province of Ontario. Clarington's head office is located in Toronto, Ontario.

2. Each of Clarington Canadian Core Portfolio, Clarington U.S. Core Portfolio and Clarington Global Core Portfolio (the "Current Top Funds") is an open-ended mutual fund trust established under the laws of the Province of Ontario. Collectively, the "Top Funds" (individually, as the "Top Fund") include the Current Top Funds and future Clarington managed mutual funds that invest in securities of other mutual funds managed by Clarington.

3. Each of Clarington Canadian Equity Fund, Clarington Canadian Growth Fund, Clarington Canadian Small Cap Fund, Clarington Canadian Value Fund, Clarington U.S. Growth Fund, Clarington U.S. Smaller Company Growth Fund and Clarington Global Equity Fund (the "Current Underlying Trust Funds") is an open-ended mutual fund trust established under the laws of the Province of Ontario.

4. Each of Clarington U.S. Large Cap Value Class, Clarington U.S. Mid-Cap Value Class, Clarington Global Small Cap Class and Clarington Global Value Class (the "Current Underlying Classes") is a class of Clarington Sector Fund Inc., a mutual fund corporation incorporated under the laws of the Province of Ontario on July 17, 2000. Collectively, the "Underlying Funds" (individually, as the "Underlying Fund") include the Current Underlying Trust Funds, the Current Underlying Classes and future Clarington managed mutual funds that do not invest substantially all of its assets in other mutual funds.

5. Clarington is the manager, trustee and principal distributor of the Current Top Funds and the Current Underlying Trust Funds. Clarington is the manager and principal distributor of the Current Underlying Classes.

6. The Top Funds and the Underlying Funds are, or will be, reporting issuers in each jurisdiction of Canada. Units of the Current Top Funds, Current Underlying Trust Funds and Current Underlying Classes (collectively, as the "Current Funds") are qualified for distribution in each jurisdiction of Canada pursuant to a simplified prospectus and annual information form dated July 23, 2002. However, units of the Current Top Funds have not been distributed to the public.

7. The Current Funds are not in default of any requirement of the Legislation.

8. To achieve its investment objective, each of the Top Funds invests fixed percentages (the "Fixed Percentages") of its assets (other than cash and cash equivalents) in securities of specified Underlying Funds, subject to a variation of 2.5% above or below The Investments may deviate +/- 2.5% from the Fixed Percentages (the "Permitted Range") to account for market fluctuations.

9. The simplified prospectus for the Top Funds will disclose the investment objectives, investment strategies, risks and restrictions of the Top Fund and the Underlying Funds, the Fixed Percentages and the Permitted Ranges

10. Except to the extent evidenced by this Decision and specific approvals granted by the Decision Makers under 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.

11. In the absence of this Decision, pursuant to the Legislation, the 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 ore more related mutual funds, is a substantial securityholder. As a result, in the absence of this Decision the Top Fund would be required to divest itself of any such investments.

12. In the absence of this Decision, Legislation requires Clarington to file a report on every

purchase or sale of securities of the Underlying Funds by the Top Fund.

13. In the absence of this Decision, under the Legislation, Clarington is prohibited from causing the Top Fund to invest in the Underlying Funds unless the specific fact is disclosed to securityholders of the Top Fund and the written consent of securityholders of the Top Fund is obtained before the purchase.

14. The investments by the Top Funds in securities of the Underlying Funds will represent the business judgement of "responsible persons"(as defined in the Legislation) uninfluenced by considerations other than the best interests of the Funds.

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

AND WHEREAS each of the Decision Makers is satisfied that the tests contained in the Legislation that provide the Decision Maker with the jurisdiction to make the Decision have been met.

THE DECISION of the Decision Makers under the Legislation is that the Applicable Requirements do not apply so as to prevent the Top Funds from making and holding an investment in securities of the Underlying Fund or so to require Clarington to file a report relating to the purchase and sale of such securities and disclose such purchase to securityholders of the Top Funds and obtain their written consent to the investment prior to the purchase.

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 National Instrument 81-102.

2. the Decision shall only apply if, at the time the Top Funds make or hold investments 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 has 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 objective of the Top Fund;

   (c) the Prospectus of the Top Fund discloses:

      (i) the intent of the Top Fund to invest substantially all of its assets in securities comprised of a combination of the Underlying Funds;

      (ii) the managers of the Underlying Funds;

      (iii) the names of the Underlying Funds;

      (iv) the Fixed Percentages and the Permitted Ranges within which such Fixed Percentages may vary; and

      (v) the investment objectives, investment strategies, risks and restrictions of the Underlying Funds;

   (d) the investment objective of each Top Fund discloses that the Top Fund invests substantially all of its assets in securities of the Underlying Funds;

   (e) the Underlying Funds are not mutual funds whose investment objectives include investing directly or indirectly in other mutual funds;

   (f) each Top Fund invests its assets (exclusive of cash and cash equivalents) in specified Underlying Funds in accordance with the Fixed Percentages disclosed in the simplified prospectus of the Top Fund ;

   (g) the Top Fund's holding of securities in the Underlying Funds does not deviate from the Permitted Ranges;

   (h) any deviation from the Fixed Percentages is caused by market fluctuations only;

   (i) if an investment of any Top Fund in the Underlying Funds has deviated from the Permitted Ranges as a result of market fluctuations, the Top Fund's investment portfolio is re-balanced to comply with the Fixed Percentages on the next day on which the net asset value was calculated following the deviation;

   (j) if the Fixed Percentages and the Underlying Funds have changed, either the Prospectus has been amended in accordance with securities legislation to reflect this significant change, or a new simplified prospectus has been filed to reflect the proposed change and existing

securityholders of the Top Funds have been given at least 60 days prior written notice of the proposed change;

(k) 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;

(l) no sales charges are payable by a Top Fund in relation to its purchases of securities of the Underlying Funds;

(m) no redemption fees or other charges are charged by the Underlying Funds in respect of the redemption by a Top Fund of securities of the Underlying Funds owned by the Top Fund;

(n) 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;

(o) the arrangements between or in respect of the Top Fund and the Underlying Funds are such as to avoid the duplication of management fees;

(p) any notice provided to security holders of an Underlying fund as required by applicable laws or the constating documents of that Underlying Fund, has been delivered by the Top Fund to its security holders;

(q) all of the disclosure and notice material prepared in connection with a meeting of security holders of the Underlying Funds and received by the Top Fund has been provided to its security holders, the security holders have been 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 has not voted its holdings in the Underlying Fund except to the extent the security holders of the Top Fund have directed;

(r) in addition to receiving the annual and, upon request, the semi-annual financial statements of the Top Fund, securityholders of the Top Fund have received appropriate summary disclosure in respect of the Top Funds' holdings of securities of the Underlying Funds in the financial statements of the Top Fund; and

(s) 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 have been 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 8, 2002.

"Paul M. Moore" "Harold P. Hands"

2.1.3 Trinidad Drilling Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to no longer 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, ONTARIO AND SASKATCHEWAN

AND

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

AND

IN THE MATTER OF
TRINIDAD DRILLING LTD.

MRRS DECISION DOCUMENT

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

2. AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal jurisdiction for this application;

3. AND WHEREAS Trinidad represented to the Commissions that:

   3.1 Trinidad is a corporation organized under the *Business Corporations Act* (Alberta) which is engaged in the business of providing drilling and workover services to oil and gas companies in western Canada;

   3.2 Trinidad has reporting issuer or equivalent status in Alberta, British Columbia, Manitoba, Saskatchewan and Ontario, and the required notices for Trinidad to cease to be a reporting issuer in the provinces of British Columbia and Manitoba have been filed with the British Columbia Securities Commission and the Manitoba Securities Commission, respectively;

   3.3 on September 17, 2002, Trinidad was party to a reorganization (the "Reorganization") pursuant to which each issued and outstanding common share of Trinidad (a "Share") and each option to purchase a Share was exchanged for a trust unit of a new income trust named Trinidad Energy Services Income Trust (the "Trust") and an option to acquire a trust unit, respectively;

   3.4 as a result of the Reorganization, all of the 10,558,474 outstanding common shares of Trinidad are owned by the Trust, and no other securities, including debt securities, of Trinidad are issued and outstanding;

   3.5 as a result of the Reorganization and pursuant to the Legislation, the Trust is a reporting issuer in the Jurisdictions, as well as the provinces of British Columbia and Manitoba;

   3.6 at the close of trading on September 23, 2002, the Shares (Symbol: TDG) were delisted from The Toronto Stock Exchange (and the trust units of the Trust were listed on such exchange in substitution for the Shares) and no securities of the Trinidad are listed on any stock exchange in Canada or elsewhere;

   3.7 Trinidad has confirmed that, to its knowledge, it is not in default of securities legislation of the Jurisdictions;

   3.8 Trinidad does not intend to seek public financing by way of an offering of its securities.

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

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

6. IT IS THE DECISION of the Decision Maker under the Legislation that Trinidad be deemed to have ceased to be a reporting issuer in the Jurisdictions.

November 11, 2002.

“Patricia M. Johnston”

2.1.4 RBC Dominion Securities Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications -offering of corporate strip bonds; exemption granted from the eligibility requirements of National Instrument 44-102 *Shelf Distributions* and National Instrument 44-101 *Short Form Prospectus Distributions* to permit the filing of a shelf prospectus and prospectus supplements (the "Prospectus") qualifying for distribution strip residuals, strip coupons and strip packages (the "Strip Securities") to be derived from debt obligations ("Underlying Obligations") of Canadian corporations and trusts; exemption also granted from the requirements that the Prospectus contain a certificate of the issuer and that the Prospectus incorporate by reference documents of the Underlying Issuer.

The exemptions are subject to the following conditions (i) all of the Underlying Obligations from which the Strip Securities are derived were qualified under prospectuses filed in British Columbia, Alberta, Ontario, Quebec, at least six months have passed from the sale of the Underlying Obligations and the distribution of the Underlying Obligations is complete; (ii) when the Strip Securities are sold the Underlying Issuer is eligible to file a short form prospectus; (iii) a base shelf prospectus for the Strip Securities is not effective for more than 25 months; (iv) the Prospectus complies with all the requirements of NI 44-101 and NI 44-102 except those from which an exemption is granted by the decision document or granted by the regulators as evidenced by the receipt for the Prospectus; (v) the Filer issues a press release and files a material change report for each material change which affects the Strip Securities but not an Underlying Issuer and any change in CDS's Debt Clearing Procedures which may have a significant effect on a holder of Strip Securities; and (vi) the Filer files the Prospectus ,the required material changes reports and all other documents related thereto on SEDAR under a SEDAR profile for the Strip Securities and pays all SEDAR filing fees.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., subsection 58(1).

Applicable National Instruments

National Instrument 44-101 Short Form Prospectus Distributions.
National Instrument 44- 102 Shelf Distributions.

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

AND

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

AND

IN THE MATTER OF
RBC DOMINION SECURITIES INC.

AND

IN THE MATTER OF
THE COUPONS AND RESIDUALS ("CARS"™) AND PAR ADJUSTED RATE STRIPS™ ("PARS"™)
PROGRAMME
OF RBC DOMINION SECURITIES INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador, Yukon Territory, Northwest Territories and Nunavut (collectively, the "Jurisdictions") has received an application from RBC Dominion Securities Inc. (the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following requirements shall not apply, in respect of any Underlying Issuer (as defined below) whose Underlying Obligations (as defined below) are purchased by the Filer on the secondary market, and separate components of interest, principal or combined principal and interest components derived therefrom sold under the CARS and PARS Programme (as defined below):

(a) Section 2.1 of National Instrument 44-102 *Shelf Distributions* ("NI 44-102") and section 2.1 of National Instrument 44-101 *Short Form Prospectus Distributions* ("NI 44-101") so that a preliminary short form prospectus which is a preliminary base shelf prospectus and a short form prospectus which is a base shelf prospectus together with the appropriate prospectus supplements (the "Prospectus") can be filed to offer the Strip Securities (as defined below) in the Jurisdictions;

(b) the requirements of the Legislation that the Prospectus contain a certificate of the issuer; and

(c) the requirements of the Legislation that the Prospectus incorporate by reference documents of an Underlying Issuer.

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 Quebec Commission Notice 14-101;

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

1. The Filer proposes to establish a new strip bond product programme (the "CARS and PARS Programme") to be offered by shelf prospectus;

2. The CARS and PARS Programme would be established by purchasing, on the secondary market, publicly-issued debt obligations of Canadian corporate and/or or trust issuers ("Underlying Issuers"), which obligations will carry an "approved rating" (as such term is defined in NI 44-101 (the "Underlying Obligations"), at the time of the closing of the discrete offering in respect of the related strip securities (the "Offering Date"), and deriving separate components therefrom, being:

   (a) separate components of principal ("Strip Residuals") and interest ("Strip Coupons"), and/or

   (b) packages of strip securities ("Strip Packages"), including packages of:

      (i) Strip Coupons; and

      (ii) Par Adjusted Rate Strips("PARS"). PARS will comprise an entitlement to receive the principal amount of, and a portion, equal to a market rate (at the time of issuance of the PARS), of the interest payable under the Underlying Obligations,

   The Strip Residuals, Strip Coupons and Strip Packages (including packages of Strip Coupons and PARS) are each referred to as "Strip Securities").

3. The relevant Underlying Issuer would, to the best of the Filer's knowledge, be eligible to file a short form prospectus under NI 44-101 at the Offering Date;

4. The Underlying Obligations will have been distributed under a prospectus for which a receipt was granted by the regulator in British Columbia, Alberta, Ontario, and Quebec;

5. A single short form base shelf prospectus would be established for the CARS and PARS Programme as a whole, with a separate series of Strip Securities being offered under a discrete prospectus supplement for each distinct series or class of Underlying Obligations;

6. It is expected that the Strip Securities will be predominantly sold to retail customers;

7. The CARS and PARS Programme is designed to provide a mechanism for retail investors to participate in the secondary market for corporate debt. The PARS component of the CARS and PARS Programme is designed to make available a strip package that is priced at or about par by way of including an interest component reflective of a current market rate plus return of principal at maturity;

8. It is expected that the Filer would periodically identify, as demand indicated, series of outstanding debt obligations of Canadian corporations or trusts and would purchase and "repackage" individual series of these for sale under the CARS and PARS Programme as discrete series of Strip Securities. In purchasing the Underlying Obligations and creating the Strip Securities, the Filer will not enter into any agreement or other arrangements with the Underlying Issuers;

9. The Prospectus will refer purchasers of the Strip Securities to the System for Electronic Document Analysis and Retrieval ("SEDAR") website maintained by The Canadian Depository for Securities Limited ("CDS") (currently located at www.sedar.com) where they can obtain the continuous disclosure materials of the Underlying Issuer;

10. The Filer may, from time to time, form and manage a selling group consisting of other registered securities dealers to solicit purchases of and sell the Strip Securities to the public;

11. The Strip Securities will be sold in series, each such series relating to separate Underlying Obligations of an Underlying Issuer. The base shelf prospectus for use with the CARS and PARS Programme will describe the CARS and PARS Programme in detail. The shelf prospectus supplement for any series of Strip Securities that are offered will describe the specific terms of the Strip Securities;

12. Each series of Strip Securities will be derived from one or more Underlying Obligations of a single class or series of an Underlying Issuer. The Filer intends to separate the Underlying Obligations for each series into separate principal and interest components, or strip bonds. These components will, in connection with each series, be re-packaged if and as necessary to create the Strip Securities;

13. The Strip Residuals of a particular series will consist of the entitlement to receive payments of a portion of the principal amounts payable under the Underlying Obligations, if, as and when paid by the Underlying Issuer on the Underlying Obligations, in accordance with their respective terms;

14. The Strip Coupons of a particular series will consist of the entitlement to receive a payment of a portion of the interest payable under the Underlying Obligations, if, as and when paid by the Underlying Issuer on the Underlying Obligations, in accordance with their respective terms;

15. The Strip Packages will consist of the entitlement to receive (a) in the case of PARS, both payments of a portion of the principal amounts payable and periodic payments of a portion equal to a market rate (at the time of issuance of the PARS) of the interest payable under the Underlying Obligations, and/or (b) in the case of packages consisting of Strip Coupons , periodic payments of portions of the interest payable, or the principal amounts payable, under the Underlying Obligations, in each case, if, as and when paid by the Underlying Issuer on the Underlying Obligations, in accordance with their respective terms;

16. Holders of a series of Strip Securities will be entitled to payments from cash flows from the related Underlying Obligations if, as and when made by the respective Underlying Issuer. The Strip Securities of one series will not be entitled to receive any payments from the cash flows of Underlying Obligations related to any other series. As the Underlying Issuers will be the sole obligors under the respective Underlying Obligations, holders of Strip Securities will be entirely dependent upon the Underlying Issuers' ability to perform their respective obligations under their respective Underlying Obligations;

17. The Strip Securities will be sold at prices determined by the Filer from time to time and, as such, these may vary as between purchasers of the same series and during the offering period of Strip Securities of the same series. In quoting a price for the Strip Securities, the Filer will advise the purchaser of the annual yield to maturity thereof based on such price;

18. The Underlying Issuers will not receive any proceeds, and the Filer will not be entitled to be paid any fee or commission by the Underlying Issuers, in respect of the sale by the Filer of the Strip Securities. The Filer's overall compensation will be increased or decreased by the amount by which the aggregate price paid for a series of the Strip Securities by purchasers exceeds or is less than the aggregate price paid by the Filer for the related Underlying Obligations;

19. The maturity dates of any particular series of Strip Coupons and the interest component of Strip Packages will be coincident with the interest payment dates for the Underlying Obligations, with terms of up to 30 years or longer. The maturity date of a particular series of Strip Residuals and the principal component of Strip Packages, if any, will be the maturity date of the Underlying Obligations for the series;

20. The Strip Securities will be issuable in Canadian and U.S. dollars and in such minimum denomination(s) and with such maturities as may be described in the applicable shelf prospectus supplement;

21. The Underlying Issuers will be Canadian corporations or trusts. The Underlying Obligations are securities of the Underlying Issuers. The Strip Securities will be derived without regard, except as to ratings and eligibility to file a short form prospectus under NI 44-101, for the value, price, performance, volatility, investment merit or creditworthiness of the Underlying Issuers historically or prospectively;

22. To be eligible for inclusion in the CARS and PARS Programme, the Underlying Obligations must have been qualified for distribution under a prospectus for which a receipt was issued by the regulators in British Columbia, Alberta, Ontario and Quebec, at least six months must have passed from the date of closing of the original issue of the relevant class or series of Underlying Obligations and the distribution of the Underlying Obligations must be complete;

23. The Filer will cause all Underlying Obligations from which the Strip Securities will be derived and which are not already in the CDS system to be delivered to CDS and registered in the name of CDS. The Underlying Obligations from which the Strip Securities will be derived will, except in very limited circumstances, be held by CDS until their maturity and will not otherwise be released or removed from the segregated account used by CDS to maintain the Underlying Obligations. A separate security identification number or ISIN will be assigned by CDS to each series of Strip Securities;

24. Pursuant to the operating rules and procedures of its Debt Clearing Service, or any successor operating rules and procedures, CDS will maintain book based records of ownership for the Strip Securities, entering in such records only in the names of participants ("Participants") in the depository system of CDS. No purchaser of Strip Securities will be entitled to any certificate or other instrument from the Underlying Issuer, the Filer or CDS evidencing the Strip Securities or the ownership thereof, and no purchaser of Strip Securities will be shown on the records

maintained by CDS except through the book entry account of a Participant. Upon the purchase of Strip Securities, the purchaser will receive only the customary confirmation slip that will be sent to such purchaser by the Filer or other Participant;

25. Transfers of beneficial ownership in Strip Securities will be effected through records maintained for Strip Securities by CDS or its nominee (with respect to interests of Participants) and on the records of Participants (with respect to interests of persons other than Participants). Beneficial holders who are not Participants, but who desire to purchase, sell or otherwise transfer beneficial ownership of, or any other interest in, such Strip Securities of a series, would do so only through Participants;

26. Payments in respect of a principal component (if any), interest component(s) (if any), or other amounts (if any) owing under a series of Strip Securities will be made from payments received by CDS in respect of the related Underlying Obligations from the relevant Underlying Issuer. Amounts payable on the maturity of the Strip Securities will be payable by the Underlying Issuer to CDS as the registered holder of the Underlying Obligations. Following receipt thereof, CDS will pay to each of its Participants shown on its records as holding matured Strip Securities the amount to which such Participant is entitled. The Filer understands that each Participant who holds such Strip Securities on behalf of a purchaser thereof will pay or otherwise account to such purchaser for the amounts received by it in accordance with the instructions of the purchaser to such Participant. Holders of a series of Strip Securities will not have any entitlement to receive payments under any Underlying Obligations acquired in connection with the issue of any other series of Strip Securities;

27. As the registered holder of the Underlying Securities, CDS will receive any voting rights in respect of the Underlying Obligations for the Strip Securities. CDS will allocate these rights to the holders of the Strip Securities in accordance with the operating rules and procedures of its Debt Clearing Service, or any successor operating rules and procedures, in effect at the time. These procedures currently provide for the distribution of the voting rights based on the "proportionate economic interest", determined as described in the base shelf prospectus for use with the Programme CARS and PARS. Such voting rights will be vested on a series by series basis and the holders of one series of Strip Securities will not have any entitlements via-à-vis voting rights in respect of another series. In order for a holder of Strip Securities to have a legal right to attend a meeting of holders of Underlying Obligations, or to vote in person, such holder of Strip Securities must be appointed as proxyholder for the purposes of the meeting by the CDS Participant through whom he or she holds Strip Securities;

28. In the event that an Underlying Issuer repays a callable Underlying Obligation prior to maturity in accordance with its terms, CDS will allocate the amount of proceeds it receives as the registered holder of the Underlying Obligations to the holders of the Strip Securities in accordance with the operating rules and procedures of its Debt Clearing Service, or any successor operating rules and procedures, in effect at the time. These procedures currently provide for the distribution of proceeds on the repayment of a callable Underlying Obligation based on the "proportionate economic interest"; and

29. Any other entitlements received by CDS with respect to the Underlying Obligations upon the occurrence of an event other than in respect of maturity, including entitlements on the insolvency or winding-up of an Underlying Issuer, the non-payment of interest or principal when due, or a default of the Underlying Issuer under any trust indenture or other agreement governing the Underlying Obligations, will be processed by CDS in accordance with the operating rules and procedures of its Debt Clearing Service, or any successor operating rules and procedures, in effect at the time. These procedures also currently provide for CDS to distribute the resulting cash and/or securities to the holders of the Strip Securities based on "proportionate economic interest". In addition, if the Underlying Issuer offers an option to CDS as the registered holder of the Underlying Obligations in connection with the event, the Filer understands that CDS will attempt to offer the same option to the holders of the Strip Securities, where feasible.

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 in respect of the CARS and PARS Programme:

1. An exemption is granted from section 2.1 of NI 44-102 and section 2.1 of NI 44-101 to permit a preliminary short form prospectus which is a preliminary base shelf prospectus and a short form prospectus which is a base shelf prospectus for the Strip Securities to be filed and receipts issued therefor;

2. The requirements in the Legislation that the Prospectus contain a certificate of the issuer shall not apply ; and

3. The requirement in the Legislation that the Prospectus incorporate by reference any document of an Underlying Issuer shall not apply ;

provided that:

A. The Underlying Obligations were qualified for distribution under a prospectus for which a receipt was issued by the regulators in British Columbia, Alberta, Ontario and Quebec, at least six months have passed from the date of closing of the original issue of the relevant class or series of Underlying Obligations and the distribution of the Underlying Obligations is complete;

B. To the best of the Filer's knowledge the relevant Underlying Issuer is eligible to file a short form prospectus under NI 44-101 at the Offering Date;

C. A receipt issued for a base shelf prospectus in reliance on this Decision Document is not effective after the date 25 months from the date of its issue;

D. The offering and sale of the Strip Securities complies with all the requirements of NI 44-102 and NI 44-101 as varied by NI 44-102, other than those from which an exemption is granted by this Decision Document or from which an exemption is granted in accordance with Part 11 of NI 44-102 by the securities regulatory authority or regulator in each of the Jurisdictions as evidenced by a receipt for the Prospectus;

E. The Filer issues a press release and files a material change report in respect of:

(i) a material change to the CARS and PARS Programme which affects any of the Strip Securities other than a change which is a material change to an Underlying Issuer; and

(ii) a change in the operating rules and procedures of Debt Clearing Service of CDS which may have a significant effect on a holder of Strip Securities.

F. The Filer files the Prospectus, the material change reports referred to above, and all documents related thereto on SEDAR under a SEDAR profile for the Strip Securities and pays all filing fees applicable to such filings.

October 31, 2002.

"Margo Paul"

2.1.5 Falcon Trust/Fiducie Falcon - MRRS Decision

Headnote

Mutual Reliance Review System - issuer of asset-backed securities exempt from the requirement to prepare, file and deliver interim and annual financial statements and annual information circulars or, where applicable, annual reports in lieu of an information circular subject to conditions, including the requirement to prepare, file and deliver monthly and annual reports regarding performance of pools of securities assets.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., 77, 78,79, 80(b)(iii), 88(2)(b).

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., s. 5.

Policies Cited

National Policy Statement No. 41.
National Instrument 44-101 Short Form Prospectus Distributions.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, 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
FALCON TRUST/FIDUCIE FALCON

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application (the "Application") from Falcon Trust/Fiducie Falcon (the "Issuer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the provisions of the Legislation concerning the preparation, filing and delivery of:

(a) interim and annual financial statements,

(b) annual filing reports prepared and certified in accordance with the Legislation or, where applicable, annual reports in prescribed form, and

(c) information circulars where management of the Issuer solicits the proxies of holders of "voting securities" in respect of a meeting of which notice has or will be given,

shall not apply to the Issuer in connection with public offerings of Asset-Backed Securities, including the offering of the Certificates (as such terms are defined below).

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

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

1. The Issuer was created as a special purpose vehicle pursuant to a declaration of trust made as of July 10, 2002 (the "Declaration of Trust") under the laws of the Province of Ontario, the beneficiary of which is a charity registered under the *Income Tax Act* (Canada). The head office of the Issuer is located in Toronto, Ontario.

2. The Issuer has issued and will issue (the "Offerings") mortgage pass-through certificates (the "Asset-Backed Securities") to the public in Canada, including commercial mortgage-backed pass-through certificates issuable in series and classes, that are primarily serviced by the cash flows of discrete pools of mortgage loan receivables, hypothecs or other charges on real or immovable property situated in Canada, and all related assets (including the proceeds thereof and any related securities), either fixed or revolving, that by their terms convert into cash within a finite time period, and any rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of Asset-Backed Securities (collectively, the "Securitized Assets").

3. It is anticipated that the Offerings will be undertaken by the Issuer from time to time pursuant to short form prospectuses on the basis of an approved rating by an approved rating organization, as those terms are defined in National Instrument 44-101 - *Short Form Prospectus Distributions* or in any successor instrument thereto (the "POP System"). Securities may also be offered on a "private placement" basis in reliance upon exemptions from the prospectus requirements of applicable securities laws.

4. The proceeds from the Offerings have been and will be used to finance the origination or purchase by the Issuer of discrete pools of Securitized

Assets. Each particular series and class of Asset-Backed Securities will represent undivided co-ownership interests in a particular pool of Securitized Assets.

5. The Issuer filed a short form prospectus dated October 4, 2002 with each provincial securities regulatory authority or regulator for the issuance of approximately $147,500,000 aggregate principal amount of Commercial Mortgage Pass-Through Certificates, Series 2002-SMU (the "Certificates") and received receipts for such prospectus from each provincial securities regulatory authority or regulator.

6. The Issuer was initially settled with $10.00 and the issuer trustee (the "Issuer Trustee") is CIBC Mellon Trust Company, a trust company incorporated under the *Trust and Loans Companies Act* (Canada). The Issuer Trustee's registered and principal office is located in Toronto, Ontario.

7. The only security holders of the Issuer will be the holders of its Asset-Backed Securities, including the holders of the Certificates. The Issuer currently has no material assets or liabilities other than its rights and obligations arising under certain of the material contracts related to the Asset-Backed Securities issued by the Issuer.

8. As a special purpose vehicle, the Issuer will not carry on any activities except in respect of the issuance of Asset-Backed Securities (including the Certificates), the origination of commercial mortgages and the purchase and acquisition of Securitized Assets.

9. Scotia Capital Inc. ("Scotia") has entered into an administration agreement dated July 10, 2002 with the Issuer, as amended (the "Administration Agreement") pursuant to which Scotia will provide certain administrative and management activities for and on behalf of the Issuer, for which Scotia will receive an administrative fee.

10. The Issuer has no directors and no officers.

11. No insider of the Issuer, or associate or affiliate of same, has a direct or indirect interest in any transaction which has materially affected or would materially affect the Issuer.

12. The auditors of the Issuer are Deloitte & Touche LLP.

13. Purchasers of asset-backed securities on a private placement basis normally do not receive financial information regarding the issuer of the asset-backed securities but normally receive summaries of the monthly portfolio reports relating to the asset-backed securities.

14. The information contained in the interim financial statements and comparative financial statements of the Issuer is not and will not be relevant to holders of Asset-Backed Securities (including holders of Certificates) since such holders only have recourse to the pool of Securitized Assets securing their series and class of Asset-Backed Securities and do not have any recourse to any assets of the Issuer.

15. For each Offering (including the offering of the Certificates), the discrete pool of Securitized Assets will be deposited with a custodian pursuant to a servicing agreement or other custodial arrangement (each a "Servicing Agreement") that the Issuer will enter into which will govern the rights of holders of Asset-Backed Securities (including holders of Certificates) and their entitlement to the Securitized Assets.

16. Each Servicing Agreement will also provide for the fulfilment of certain administrative functions relating to the Asset-Backed Securities (including the Certificates), such as the maintenance of a register of holders of Asset-Backed Securities and the making of periodic reports to holders of Asset-Backed Securities.

17. The Issuer or a representative or agent will provide, on a website identified or to be identified in the relevant short form prospectus for the Asset-Backed Securities or in correspondence sent to holders of Asset-Backed Securities, or otherwise as provided for in the relevant short form prospectus, no later than the 15th day of each month (or such subsequent business day if the 15th day of the month is not a business day) the financial and other information prescribed therein to be delivered or made available to holders of Asset-Backed Securities on a monthly basis, together with such additional information as may be prescribed by the Decision Makers (the "Distribution Date Statement"), and will contemporaneously file or cause to be filed reasonably contemporaneously therewith the Distribution Date Statement on the System for Electronic Document Analysis and Retrieval ("SEDAR").

18. Notwithstanding paragraph 17, the Issuer may amend, or caused to be amended, the contents of the financial and other information posted on the website and filed on SEDAR in order not to disclose the names of individual obligors of Securitized Assets as may be required by confidentiality agreements or other obligations of confidentiality binding on the Issuer.

19. There will be no annual meeting of holders of Asset-Backed Securities since the Servicing Agreement provides, or will provide, that only the holders of a certain percentage of Asset-Backed Securities of each series and class of the Issuer

have the right to direct the custodian and parties that may perform servicing functions with respect to the Securitized Assets to take certain actions under the Servicing Agreement.

20. On not less than an annual basis, the Issuer will request, or cause to be requested, intermediaries to deliver a notice to holders of Asset-Backed Securities pursuant to the procedures stipulated by National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, or its successor instrument, advising holders of Asset-Backed Securities that the monthly information prescribed by paragraph 17, the quarterly information prescribed in paragraph 21 and the annual information prescribed in paragraph 22 is available on SEDAR and on a website, the website address, and that holders of Asset-Backed Securities may request that paper copies of same be provided to them by ordinary mail.

21. Within 60 days of the end of each fiscal quarter of the Issuer, the Issuer or a representative or agent will post on the applicable website or mail to holders of Asset-Backed Securities who so request in accordance with the procedures set forth above, and will contemporaneously file on SEDAR, management's discussion and analysis ("MD&A") with respect to the applicable pool of Securitized Assets included in the Issuer's Annual Information Form filed with the Decision Makers (as supplemented by any short form prospectus filed by the Issuer during the intervening period).

22. Within 140 days of the end of each fiscal year of the Issuer, the Issuer or a representative or agent will post on the applicable website or mail to holders of Asset-Backed Securities who so request in accordance with the procedures set forth above, and will contemporaneously file on SEDAR:

    (a) cumulative financial and other information as prescribed by the Decision Makers for the last completed fiscal year with respect to the applicable pool of Securitized Assets;

    (b) MD&A with respect to the applicable pool of Securitized Assets included in the Issuer's Annual Information Form filed with the Decision Makers (as supplemented by any short form prospectuses filed by the Issuer during the intervening period);

    (c) annual statement of compliance signed by a senior officer of each applicable servicer or other party acting in a similar capacity on behalf of the Issuer for the applicable pool of Securitized Assets, certifying that the servicer or such other party acting in a similar capacity has fulfilled all of its obligations under the related Servicing Agreement during the year or, if there has been a default in the fulfilment of any such obligation, specifying each such default and the status thereof; and

    (d) annual accountant's report in form and content acceptable to the Decision Makers prepared by a firm of independent public or chartered accountants acceptable to the Decision Makers respecting compliance by each applicable servicer or other party acting in a similar capacity on behalf of the Issuer with the Uniform Single Attestation Program ("USAP") or such other servicing standard acceptable to the Decision Makers.

23. The Issuer will issue, or cause to be issued, press releases and file material change reports in accordance with the requirements of the Legislation in respect of material changes in its affairs and in respect of changes in the status (including default in payment due to holders of Asset-Backed Securities), of the Securitized Assets underlying the Asset-Backed Securities which may be reasonably be considered to be material to holders of Asset-Backed Securities.

24. The provision of information to holders of Asset-Backed Securities on a monthly, quarterly and annual basis as described in paragraphs 17, 21 and 22, as well as the annual notice to be given by, or behalf of, the Issuer as to the availability of such information pursuant to the terms of paragraph 20 will meet the objectives of allowing the holders of Asset-Backed Securities to monitor and make informed decisions about their investments.

25. Fees payable in connection with the filing of annual financial statements will be paid at the time that, and in respect of, the annual financial information specified in paragraph 22 hereof is filed.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Issuer is exempted from the requirements in the Legislation concerning the preparation, filing and delivery of interim and annual financial statements, annual filing reports prepared and certified in

accordance with the Legislation or, where applicable, annual reports in prescribed form, and information circulars where management of the Issuer solicits the proxies of holders of "voting securities" in respect of a meeting of which notice has or will be given, provided that:

(a) the only securities that the issuer distributes to the public are Asset-Backed Securities;

(b) the Issuer complies with paragraphs 17, 20, 21, 22 and 23 hereof; and

(c) the exemption from the requirements of the Legislation concerning the preparation, filing and delivery of an annual report, where applicable, and the annual filing, where applicable, in lieu of an information circular shall terminate sixty days after the occurrence of a material change in any of the representations of the Issuer contained in paragraphs 8 through 11 inclusive, unless the Issuer satisfies the Decision Makers that the exemption should continue.

November 14, 2002.

"Paul M. Moore, Q.C." "Mary Theresa McLeod"

2.1.6 Le Groupe Option Retraite Inc. - s. 4.1 of OSC Rule 31-507

Headnote

Rule 31-507 - Section 4.1 extension of time frame in which to become a SRO member - registrant working diligently with IDA to complete application - registrant member of Bourse de Montreal Inc.

Rule Cited

OSC Rule 31-507 - SRO Membership - Securities Dealers and Brokers.

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

AND

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 31-507
SRO MEMBERSHIP – SECURITIES DEALERS AND BROKERS (the "Rule")

AND

IN THE MATTER OF
LE GROUPE OPTION RETRAITE INC.

DECISION
(Section 4.1 of OSC Rule 31-507)

UPON the Director having received an application (the "Application") from Le Groupe Option Retraite Inc. ("Option Retraite") seeking a decision, pursuant to section 4.1 of the Rule, to exempt until December 31, 2002 Option Retraite from the application of subsection 2.3 of the Rule, which would require Option Retraite to be a member of a self-regulatory organization (a "Recognized SRO") recognized by the Ontario Securities Commission (the "Commission") under section 21.1 of the Act by the renewal date (the "Renewal Date") of its registration under the Act;

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

AND UPON Option Retraite having represented to the Director that:

1. Option Retraite is a corporation resulting from the amalgamation (effective as of May 1, 2002) of Le Groupe Option Retraite Inc. and its main shareholder, Les Conferences Option Retraite Inc., pursuant to the provisions of Part 1A of the *Companies Act* (Quebec). Option Retraite is not a reporting issuer in any of the provinces or territories of Canada or in any other jurisdiction;

2. Option Retraite is a member in good standing of Bourse de Montreal Inc.;

3. Option Retraite is registered under the Act as a dealer in the category of "broker";

4. Option Retraite received an exemption (the "Initial Exemption") from the Director under section 4.1 of the Rule on December 19, 2001 which exempted Option Retraite from the requirement of the Rule that Option Retraite be a member of a Recognized SRO by December 31, 2001 on the condition that Option Retraite is a member of a Recognized SRO by June 1, 2002;

5. Option Retraite received an further exemption (the "Second Exemption") from the Director under section 4.1 of the Rule on May 30, 2002 which exempted Option Retraite from the requirement of the Rule that Option Retraite be a member of a Recognized SRO by June 1, 2002 on the condition that Option Retraite is a member of a Recognized SRO by September 30, 2002;

6. by letter dated March 16, 2001, Option Retraite applied for membership in the Investment Dealers Association of Canada (the "IDA"), which application is currently under review by the IDA;

7. the IDA has responded to all deficiencies raised to date by the IDA but will not be a member of a Recognized SRO by September 30, 2002 as required by the Second Exemption.

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

IT IS THE DECISION of the Director, pursuant to section 4.1 of the Rule, that Option Retraite is exempted from the requirement of the Rule, as modified by the Initial Exemption and the Second Exemption, to be a member of a Recognized SRO by the Renewal Date on the condition that this exemption will terminate on the earlier of the date that Option Retraite becomes a member of a Recognized SRO and December 31, 2002.

September 30, 2002.

"David M. Gilkes"

2.1.7 Boots Company PLC and Boots Group PLC - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - permission granted by the regulator or securities regulatory authority, as appropriate, to make representations regarding the listing of the applicant securities on a stock exchange.

Ontario Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 38(3).

IN THE MATTER OF
THE SECURITIES LEGISLATION IN THE PROVINCES OF ONTARIO, ALBERTA, MANITOBA, NEWFOUNDLAND AND LABRADOR, NOVA SCOTIA AND QUEBEC

AND

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

AND

IN THE MATTER OF
BOOTS COMPANY PLC AND BOOTS GROUP PLC

MRRS DECISION

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of Ontario, Alberta, Manitoba, Newfoundland and Labrador, Nova Scotia and Quebec (the "Jurisdictions") have received an application from Boots Company PLC ("Boots PLC") and Boots Group PLC ("Boots Group") (collectively Boots Group and Boots PLC, the "Applicants") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the Applicants be permitted to mail materials to shareholders of Boots PLC containing representations that the shares of Boots Group ("Boots Group Shares") will be listed on the London Sock Exchange (the "LSE") with the intention of effecting a trade in the Boots Group Shares;

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 Applicants have represented to the Decision Makers as follows:

1. Boots PLC is a public limited company incorporated in England and Wales with registered number 00027657.

2. Boots PLC currently comprises of three main businesses: Boots Retail, Boots Retail

International and Boots Healthcare International. Boots Retail was formed to bring together all of Boots retail and service businesses in the United Kingdom with associated manufacturing and support services.

3. Currently the outstanding fully-paid shares of Boots PLC are listed and posted on the LSE under the symbol "BOOT".

4. Holders of shares of Boots PLC ("Boots PLC Shares") in Canada are at *de minimis* levels. As of October 23 2002, Boots PLC had approximately 119,887 shareholders worldwide, of which approximately 144 (or approximately 0.12%) were resident in Canada.

5. Canadian residents hold approximately 191,509 Boots PLC Shares out of an approximate global aggregate of 851,209,824 (or approximately 0.0225%) Boots PLC Shares.

6. Boots Group is a company incorporated and registered in England and Wales as a public limited company under the *Companies Act 1985* with registered number 04452715.

7. On incorporation, the authorized share capital of Boots Group was £100,000 divided into (i) 50,000 ordinary shares of £1 each, of which two were issued as fully paid to subscribers of the Boots Group Memorandum of Association, and (ii) 50,000 redeemable preference shares of £1 each, of which 49,998 have been issued and redeemed by Boots Group.

8. Boots Group has not traded since incorporation and Boots Group Shares are not listed and posted for trading on any stock exchange.

9. Boots Group will be the holding company for Boots PLC once the proposed restructuring of Boots PLC (the "Restructuring") becomes effective.

10. Boots Group's registered head office is 1 Thane Road West, Nottingham, U.K. NG2 3AA.

11. Neither Boots Group nor Boots PLC is a reporting issuer, or the equivalent, in any of the provinces or territories of Canada and neither Boots Group nor Boots PLC has any current intention of becoming a reporting issuer in any province or territory of Canada.

12. The proposed Restructuring involves the interposition of Boots Group between Boots PLC and its shareholders by way of a court approved scheme of arrangement under s. 425 of the *Companies Act 1985* (the "Scheme").

13. The Scheme must be approved by shareholders of Boots PLC and by the High Court in the U.K. (the "Court").

14. A meeting of shareholders of Boots PLC will be convened by the Court for the purpose of obtaining shareholder approval. Section 425 of the *Companies Act 1985* requires that approval must be given by a majority of shareholders attending such meeting (whether in person or by proxy) who represent at least 75 per cent in value of the shares represented at such meeting.

15. U.K. law requires that the Boots Information Circular (containing notice of meeting, a comprehensive explanatory memorandum containing details of the Restructuring, the proposed resolutions and proxy forms) be sent to all Boots PLC shareholders (including overseas shareholders) to effect the Scheme. Accordingly, this document will be sent to Canadian shareholders of Boots PLC.

16. The Court will give its approval if it is satisfied that the Scheme is fair and that the procedure set out in the *Companies Act 1985* has been followed.

17. If the requisite majority of shareholders and the Court approve the Scheme, the Scheme will become binding on all shareholders.

18. The Scheme will involve the following steps:

    (a) all of the existing Boots PLC Shares will be transferred to Boots Group;

    (b) all Boots PLC shareholders will be allotted one Boots Group Share, credited as fully paid, for every one Boots PLC Share then held;

    (c) Boots PLC will therefore become a wholly owned subsidiary of Boots Group, and the entire share capital of Boots Group will be owned by Boots PLC's shareholders in the same proportions as Boots PLC Shares were held by them prior to the implementation of the Scheme;

    (d) after implementation of the Scheme, the Boots Group Shares will be equivalent to the Boots PLC Shares in all material respects including their dividend, voting and other rights;

    (e) Boots PLC will be de-listed from the LSE. Boots Group will become listed on the LSE. Full listing particulars will be prepared in connection with the listing of Boots Group (the "Boots Listing Particulars") but these will not be sent to shareholders as of right. If a Boots PLC

shareholder requests the document, U.K. law requires that it be sent to that Boots PLC shareholder.

19. The current drafts of the Boots Information Circular and Boots Listing Particulars (collectively the "Boots Materials") contain representations that the Boots Group Shares will be listed on the LSE (the "Listing Representations")

20. Boots Group is not currently listed on any stock exchange or quoted on any quotation and trade reporting system.

21. The LSE has not granted approval to the listing of Boots Group Shares, conditional or otherwise, nor has the LSE indicated that it does not object to the Listing Representations.

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 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 that the Applicants are permitted to mail the Boots Materials containing the Listing Representations to the Canadian holders of Boots PLC Shares.

November 12, 2002.

"Margo Paul"

2.1.8 Mackenzie Investment Management Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Issuer exempted from valuation requirements, and minority approval requirements varied, in connection with going private transaction with arm's length party where minority shareholders will receive equal or greater consideration per share than controlling shareholder.

Applicable Ontario Rules

Rule 61-501 - Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions, ss. 4.4, 4.7 and 9.1.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO AND QUÉBEC

AND

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

AND

IN THE MATTER OF
MACKENZIE INVESTMENT MANAGEMENT INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario and Québec (the "Jurisdictions") has received an application from Mackenzie Investment Management Inc. ("MIMI" or the "Company") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation to obtain a formal valuation (the "Valuation Requirement") in connection with a going private transaction shall not apply, and that the requirement to obtain the approval of minority shareholders (the "Minority Approval Requirement") in connection with a going private transaction shall be varied, in connection with a proposed transaction (the "Transaction") whereby MIMI will be sold to Waddell & Reed Financial, Inc. ("WDR");

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for the 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 MIMI has represented to the Decision Makers that:

1. MIMI is incorporated under the laws of the State of Delaware, is governed as to corporate matters by the General Corporation Law of the State of Delaware ("DGCL") and is a reporting company under the United States Securities Exchange Act of 1934 (the "1934 Act"). MIMI is a reporting issuer in all of the provinces of Canada.

2. The authorized capital of MIMI consists of 100,000,000 shares of common stock ("Common Shares"), of which 18,655,550 were issued and outstanding as of August 29, 2002. The Common Shares are listed and posted for trading on the Toronto Stock Exchange. MIMI is not in default of any requirement under the Legislation. MIMI has also filed all reports with the United States Securities and Exchange Commission required to be filed by Sections 13 or 15(d) of the 1934 Act during the preceding 12 months.

3. MIMI provides, through various subsidiaries, investment management, marketing, distribution and other administrative services to Ivy Fund ("Ivy Fund"). Ivy Fund is a Massachusetts business trust registered under the United States Investment Company Act of 1940 as a U.S. open-end investment company, consisting of 16 separate portfolios. In addition, a wholly-owned subsidiary of MIMI, Ivy Management Inc. ("IMI"), provides sub-advisory services to 15 mutual funds sold in Canada and managed by Mackenzie Financial Corporation ("MFC").

4. MFC, through its wholly-owned subsidiary Ivy Acquisition Corporation ("IAC"), beneficially owns 15,987,910 Common Shares, or approximately 85.7% of the outstanding Common Shares. MFC and MIMI deal at arm's length with WDR.

5. WDR, a Delaware corporation, is a leading financial services organization with a network of more than 3,100 financial advisors serving clients throughout the United States. WDR provides, through various subsidiaries, a variety of investment options including equity, growth, international, income, value, asset allocation, fixed income, and money market funds, variable annuity and life insurance and disability products. WDR's Class A common stock is listed and posted for trading on the New York Stock Exchange.

6. The Transaction contemplates the sale of MIMI to WDR in a series of steps pursuant to a stock purchase agreement entered into between MFC, MIMI, IAC and WDR on August 29, 2002 (the "Stock Purchase Agreement") and under a plan of complete liquidation and voluntary dissolution of MIMI (the "Plan of Dissolution"). Each of the steps contemplated by the Stock Purchase Agreement and the Plan of Dissolution is contingent upon the occurrence of all other steps, so that if the Plan of Dissolution is not effectuated or the transactions contemplated by the Stock Purchase Agreement are not consummated, none of the Company's shareholders will be entitled to receive any cash payment for their Common Shares.

7. Upon the consummation of the events contemplated by the Stock Purchase Agreement and the Plan of Dissolution, MIMI public shareholders will receive cash in the minimum amount of U.S. $4.05 for each Common Share that they own. This per share cash payment to MIMI public shareholders is subject to possible increase but not to any decrease. MFC will receive an amount of cash per Common Share no greater than the amount of cash per Common Share distributed to MIMI public shareholders, but such cash amount payable to MFC will be subject to possible decrease pursuant to certain closing adjustments and post-closing adjustments and indemnification obligations of MFC to WDR to which MIMI public shareholders will not be subject. In all circumstances upon the closing of the Transaction, MIMI public shareholders and MFC will receive cash, with MIMI public shareholders receiving at least the same amount on a per share basis as MFC and, if there is any negative adjustment at closing or MFC makes any post-closing adjustment or indemnification payments to WDR, more than MFC.

8. MIMI public shareholders will be entitled to their pro rata share of any positive adjustments up to closing or as a result of any adjustment after closing. MIMI public shareholders will not be subject to any negative adjustments that occur up to or after closing. MFC will solely bear the risk of any negative adjustments and has agreed to be solely responsible for all indemnification obligations to WDR. Under all circumstances of the Transaction, MIMI public shareholders will receive cash proceeds per MIMI share equal to or greater than the cash proceeds paid to MFC on an equivalent per MIMI share basis.

9. The shareholders of MIMI will be asked at a special meeting expected to be held in December, 2002 to approve and adopt the Plan of Dissolution pursuant to Section 281(b) of the DGCL. The dissolution of the Company is expected to commence as soon as practicable after approval of the Plan of Dissolution by the holders of a majority of the outstanding Common Shares at the special meeting and is contingent on the satisfaction of conditions to closing set forth in the Stock Purchase Agreement. MFC has agreed to cause IAC, which beneficially owns approximately 85.7% of the outstanding Common Shares, to vote its Common Shares in favour of approval and adoption of the Plan of Dissolution.

10. Following approval of the Plan of Dissolution, MIMI will file with the Secretary of State of the State of Delaware a certificate of dissolution dissolving the Company. The Company's dissolution will become effective, in accordance with the DGCL, upon proper filing of the certificate of dissolution with the Secretary of State. Upon the filing of the certificate of dissolution with the Secretary of State, all holders of Common Shares will cease to have any rights as shareholders of the Company, except for the right to receive payment under the Plan of Dissolution which, in the case of MIMI public shareholders, shall be a minimum cash amount of U.S. $4.05, subject to possible increase but not to any decrease.

11. Immediately upon the effectuation of the Plan of Dissolution, MFC will sell all the outstanding capital stock of IAC to WDR pursuant to the terms of the Stock Purchase Agreement. MFC will receive from WDR cash consideration pursuant to the Stock Purchase Agreement in a per share amount no greater than the amount of cash per Common Share distributed to the MIMI public shareholders but the cash amount receivable by MFC will be subject to possible decrease pursuant to certain post-closing adjustments and indemnification obligations of MFC to WDR. In order to secure this indemnification obligation in part, WDR will withhold U.S. $3,000,000 of the cash proceeds payable to MFC under the Stock Purchase Agreement. In addition, an amount equal to the maximum aggregate amount potentially payable by MIMI or IAC pursuant to an arrangement with certain officers of MIMI, as discussed below, will be held back from the cash amount MFC is entitled to receive pursuant to the Stock Purchase Agreement. MFC may also be entitled to a post-closing cash payment under certain circumstances, which payment would be no greater on a per Common Share basis than the post-closing payment received by MIMI public shareholders. MFC may be required to make a post-closing payment to WDR under certain circumstances.

12. The MIMI proxy circular for the special meeting (the "Proxy Circular") will inform MIMI shareholders that the members of the Company's Board of Directors who are not employees of the Company, or directors or officers of MFC or any affiliates of MFC, have unanimously determined that the Stock Purchase Agreement and the Plan of Dissolution are advisable, fair to and in the best interests of, the shareholders of the Company, including MIMI public shareholders. In addition, along with an extensive discussion of the factors that MIMI's Board of Directors considered in reaching its decisions with respect to the Stock Purchase Agreement and the Plan of Dissolution, the Proxy Circular will contain disclosure that the Company's Board of Directors believes that distribution of MIMI's assets on dissolution under the Plan of Dissolution will result in more value to the Company's shareholders than any other available alternatives, directions or strategies.

13. In the course of its deliberations, the Company's Board of Directors received and considered, among other things, a fairness opinion given as of August 28, 2002 by Putnam Lovell NBF that the consideration to be received by all of MIMI's shareholders in connection with the Stock Purchase Agreement is fair, from a financial point of view, to all of MIMI's shareholders and that the consideration to be received by MIMI public shareholders in connection with the Plan of Dissolution is fair, from a financial point of view, to MIMI public shareholders.

14. In connection with the Transaction and at the request of WDR, MFC and WDR have negotiated and entered into a Voting, Support and Indemnification Agreement (the "Voting and Indemnification Agreement"). Pursuant to the terms of the Voting and Indemnification Agreement, MFC has agreed to cause IAC to vote the shares of MIMI that IAC owns in favour of the adoption and approval of the Plan of Dissolution.

15. MFC has also agreed under the Voting and Indemnification Agreement to indemnify and hold harmless WDR and its affiliates from and against any and all damages, losses and expenses that WDR or any of its affiliates incurs and that relate to or arise out of, among other things: (a) any breach or default by MIMI or IAC of certain representations or warranties given by MIMI and IAC in the Stock Purchase Agreement; (b) any breach or default by MIMI, MFC or IAC of any of the covenants or agreements under the Stock Purchase Agreement or the Voting Agreement; (c) the Plan of Dissolution; or (d) the restatement on July 9, 2002 of MIMI's results of operations for each of the years ended March 31, 1999 through March 31, 2001 and the quarters ended June 30, 2001, September 30, 2001 and December 31, 2001.

16. A condition precedent to the closing of the Transaction requested by WDR requires MFC and WDR to enter into a sub-advisory agreement (the "Sub-Advisory Agreement") to take effect immediately upon the closing of the Transaction for an initial term of five years. MFC has agreed that IMI, as an indirect wholly-owned subsidiary of WDR after closing of the Transaction, will be able to continue to provide investment sub-advisory services to certain Canadian mutual funds managed by MFC on normal commercial terms. IMI will be paid for its services as investment sub-advisor for each sub-advised portfolio based on a percentage of the net assets of each applicable fund. Prior to the closing of the Transaction, MFC and WDR will enter into an interim sub-advisory agreement on normal commercial terms with

respect to certain Canadian mutual funds managed by MFC.

17. As a condition to the consummation of the transactions contemplated by the Stock Purchase Agreement and in connection with the Sub-Advisory Agreement, MFC WDR and IMI have also agreed to enter into a marketing agreement (the "Marketing Agreement"), whereby MFC has agreed to launch one new fund to be advised by IMI or to award IMI one new mandate for an existing MFC fund as soon as is commercially reasonable after the effective date of the Marketing Agreement, and to award IMI any combination of fund mandates on new and/or existing MFC funds which in total represents at least three additional mandates to IMI. The Marketing Agreement also provides, among other things, that MFC will use reasonable efforts to introduce WDR to MFC affiliates and to seek additional mandates for IMI to provide sub-advisory services and that IMI is to be given preferred treatment in consideration for any new fund which contains elements that were introduced to MFC by IMI. The Marketing Agreement provides that MFC will consider WDR in any search for an advisor or sub-advisor to manage new mandates offered in Canada for which WDR has existing, demonstrated capability and similar reciprocal rights will be provided to MFC by WDR in the United States. As well IMI, as the sub-advisor to certain MFC funds, will agree to provide marketing support to promote the sale of such MFC funds in accordance with industry practice.

18. At the request of WDR, MFC and WDR have agreed to enter into a Tax Matters Agreement (the "Tax Agreement") in connection with the Stock Purchase Agreement. Under the Tax Agreement MFC will be responsible for and indemnify and hold harmless WDR and its affiliates from all taxes and reasonable costs and expenses arising out of, based upon or attributable to, among other things, various tax matters related to the Transaction.

19. Contemporaneously with the closing of the Transaction, MFC has agreed to enter into a trademark agreement (the "Trademark Agreement") with the trustees of the Ivy Fund and IMI. The Trademark Agreement will set out the mutual understandings of the parties with respect to the ongoing use of the IVY FUNDS marks in connection with the mutual fund business of IMI in the United States and the continued use of the IVY FUNDS marks by MFC in Canada in connection with the mutual fund distribution services MFC provides in Canada.

20. The Voting and Indemnification Agreement, the Sub-Advisory Agreement, the Marketing Agreement, the Tax Agreement and the Trademark Agreement were entered into for reasons other than to increase the value of the consideration to be received indirectly by MFC for its MIMI Common Shares. These agreements will provide for on-going arm's length business relations in accordance with industry practice after closing.

21. Since December 2000, the Company has been party to agreements with certain of its executive officers dealing with a change in control of MIMI. At present, the Company has change in control agreements (collectively, the "Change in Control Agreements") with each of the following officers of the Company: Keith J. Carlson, James W. Broadfoot III, Beverly Yanowitch, Paul P. Baran, Thomas H. Bivin, Stephen J. Barrett, Robert Perry and Thomas Bracco (collectively, the "Officers"). The Change in Control Agreements provide for the payment of severance by the Company to each of the Officers upon a change in control in the Company and upon the occurrence of an event of termination. Each of the Change in Control Agreements was negotiated independently of the Stock Purchase Agreement and the Plan of Dissolution. The Change in Control Agreements were entered into for reasons other than to increase the value of the consideration to be received by the Officers for their respective MIMI Common Shares. The Transaction will likely be considered a change of control under each of the Change in Control Agreements.

22. Upon a change of control and the occurrence of an event of termination, each of the Officers would be entitled to receive severance which would include payment of their pro-rata portion of their target bonus for the fiscal year of their termination, reimbursement for expenses in connection with their termination, continuation of their respective benefit plans for a period of twenty-four months following termination and a lump sum payment which, depending on the terms of the individual Change in Control Agreement, would vary in amount from two times the aggregate of their base salary, bonus and any profit sharing payments and one times the aggregate of their base salary, bonus and any profit sharing payments.

23. The Board of Directors of MIMI has determined that it is appropriate to provide cash bonuses (the "Bonus Pool") to some of the Officers for their assistance in effectuating the Transaction. The Company's President and Chief Executive Officer will be entitled to an amount equal to 50% of the Bonus Pool, with the remaining 50% of the Bonus Pool to be divided among the other Officers who the Company's Board of Directors deem had important roles in the consummation of the Transaction.

24. The Proxy Circular will contain disclosure of the terms of the Stock Purchase Agreement, the Plan

of Dissolution, the Voting and Indemnification Agreement, the Sub-Advisory Agreement, the Marketing Agreement, the Tax Matters Agreement, the Trademark Agreement, the Change in Control Agreements and the Bonus Pool.

25. None of the Officers will be able to cast the votes attaching to their respective Common Shares for purposes of the Minority Approval Requirement applicable to MIMI in the context of the Transaction.

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, in connection with the Transaction, MIMI shall be exempt from the Valuation Requirement and the Minority Approval Requirement shall be varied in order to permit MIMI to include the votes attached to the Common Shares held by IAC in determining minority approval of the Transaction, provided that MIMI complies with the other applicable provisions of the Legislation.

November 8, 2002.

"Ralph Shay"

2.1.9 Solectron Corporation - MRRS Decision

Headnote

MRRS - registration relief for trades by Participants, Former Participants and Permitted Transferees of securities acquired under employee incentive plans - issuer bid relief for foreign issuer in connection with acquisition of shares under employee incentive plans.

Applicable Ontario Statutory Provisions

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

Applicable Ontario Rule

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

Applicable Instrument

Multilateral Instrument 45-102 - Resale of Securities.

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

AND

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

AND

IN THE MATTER OF
SOLECTRON CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia (the "Jurisdictions") has received an application from Solectron Corporation ("Solectron") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

(i) the requirement contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and the requirement to file a prospectus and obtain a receipt therefor (the "Prospectus Requirement") (the Registration Requirement and the Prospectus Requirement are, collectively, the "Registration and Prospectus Requirements") will not apply to certain trades in securities of Solectron made in

connection with Solectron's 2002 Stock Plan (the "SOP") and Employee Stock Purchase Plan for Non-U.S. Employees (the "ESPP") (the SOP and the ESPP are, collectively, the "Plans");

(ii) the Registration and Prospectus Requirements will not apply to first trades of Shares (as defined below) acquired under the Plans provided that the conditions in subsection 2.14(1) of Multilateral Instrument 45-102 - *Resale of Securities,* other than the requirements of paragraph 2.14(1)(a), are satisfied; and

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

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

AND WHEREAS, 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 Solectron has represented to the Decision Makers as follows:

1. Solectron is a corporation in good standing incorporated under the laws of the State of Delaware;

2. Solectron and affiliates of Solectron (the "Solectron Affiliates") (Solectron and the Solectron Affiliates are, collectively, the "Solectron Companies") are providers of electronics manufacturing and supply-chain management services;

3. Solectron is registered with the SEC in the U.S. under the U.S. Securities Exchange Act of 1934 (the "Exchange Act") and is not exempt from the reporting requirements of the Exchange Act;

4. Solectron, C-MAC Industries Inc. ("C-MAC") and 3924548 Canada Inc. entered into a combination agreement dated August 8, 2001, as amended on September 7, 2001, among Solectron, 3942163 Canada Inc., 3924548 Canada Inc. and C-MAC providing for the combination of Solectron and C-MAC to be effected by way of an arrangement under section 192 of the *Canada Business Corporations Act* (the "C-MAC Transaction"). The completion of the C-MAC Transaction was announced on December 3, 2001;

5. As a result of the C-MAC Transaction, Solectron became a reporting issuer in British Columbia, Saskatchewan and Quebec on December 3, 2001 and has remained a reporting issuer in British Columbia, Saskatchewan and Quebec since that date. Solectron is not a reporting issuer in any of the other Jurisdictions and has no present intention of becoming a reporting issuer in any of the other Jurisdictions;

6. The authorized share capital of Solectron consists of 1,600,000,000 shares of common stock ("Shares"), and 1,200,000 shares of preferred stock ("Preferred Shares"). As of July 16, 2002, there were 823,868,744 Shares and 1 Preferred Share issued and outstanding;

7. The Shares are listed for trading on the New York Stock Exchange (the "NYSE") under the ticker symbol 'SLR';

8. Under the SOP, options on Shares ("Options") (Shares and Options are, collectively, "Awards") may be issued to employees ("Employees"), non-employee directors ("Directors") and consultants ("Consultants") (Employees, Directors and Consultants are, collectively, "Participants") of the Solectron Companies;

9. Under the ESPP, Employees are offered an opportunity to purchase Shares by means of applying accumulated payroll deductions at a discounted price determined in accordance with the terms of the ESPP;

10. The purpose of the SOP is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to service providers, and to promote the success of Solectron's business;

11. The purpose of the ESPP is to provide Employees of the Solectron Companies outside the United States with an opportunity to purchase Shares through accumulated payroll deductions;

12. Solectron uses the services of agents/brokers (the "Agent(s)") in connection with the operation of the Plans. Salomon Smith Barney Inc. ("SSB") has been appointed as an Agent under the Plans. SSB is not registered to conduct retail trades in

securities in any of the Jurisdictions. SSB is registered to conduct retail trades under applicable U.S. securities or banking legislation. Any other Agent appointed in addition to, or in replacement of, SSB will be registered to conduct retail trades in the Jurisdictions or a corporation registered to conduct retail trades under applicable U.S. securities or banking legislation and will be authorized by Solectron to provide services as an Agent under the Plans;

13. The role of the Agent may include (a) disseminating information and materials to Participants in connection with the Plans; (b) assisting with the administration of and general record keeping for the Plans; (c) holding Shares on behalf of Participants, Former Participants (as defined below) and Permitted Transferees (as defined below) in limited purpose brokerage accounts; (d) facilitating Option exercises (including cashless exercises or Stock Swap Exercises (as defined below)) under the Plans; (e) facilitating the payment of withholding taxes, if any, by cash or the tendering or withholding of Shares; (f) facilitating the reacquisition of Awards under the terms of the Plans; and (g) facilitating the resale of Shares issued in connection with the Plans;

14. Subject to adjustments as provided for in the ESPP and an increase made in accordance with U.S. law, the maximum number of Shares which shall be made available for sale under the ESPP is 19,200,000 Shares, less the number of Shares issued under Solectron's Employee Stock Purchase Plan for U.S. Employees;

15. Subject to adjustments as provided for in the SOP, and an increase made in accordance with U.S. law, the maximum number of Shares which shall be made available for sale under the SOP is 35,000,000 Shares plus (a) any Shares which have been reserved but not issued under the Solectron's 1992 Stock Option Plan (the "1992 Plan") as of the date of shareholder approval of the SOP and (b) any Shares returned to the 1992 Plan as a result of termination of Options or repurchase of Shares issued under the 1992 Plan;

16. All necessary securities filings have been made in the U.S. in order to offer the Plans to Participants resident in the U.S;

17. As of May 31, 2002, there were 586 persons in Canada eligible to be granted Options under the SOP: 16 persons resident in British Colombia, 101 persons resident in Alberta, 373 persons resident in Ontario, 24 persons resident in Manitoba, 1 person resident in Saskatchewan, 10 persons resident in Nova Scotia and 61 persons resident in Quebec. There were 5333 persons in Canada eligible to participate in the ESPP: 1011 persons resident in British Columbia, 347 persons resident in Alberta, 2904 persons resident in Ontario, 160 persons resident in Manitoba, 1 person resident in Saskatchewan, 871 persons resident in Nova Scotia, 1 person resident in New Brunswick and 61 persons resident in Quebec;

18. Employees who participate in the Plans will not be induced to purchase Shares or to exercise Options by expectation of employment or continued employment;

19. Officers of the Solectron Companies who participate in the Plans will not be induced to purchase Shares or to exercise Options by expectation of appointment or employment or continued appointment or employment as an officer;

20. Consultants who participate in the SOP will not be induced to purchase shares or to exercise Options by expectation of the individual Consultant, the Consultant's company or the Consultant's partnership being engaged or continuing to be engaged as a Consultant;

21. The Plans are administered by a committee (the "Committee") appointed by the board of directors of Solectron (the "Board");

22. It is anticipated that Consultants (as used herein, "consultant" includes a "consultant company" as defined in the OSC Rule 45-503 - *Trades to Employees, Executives and Consultants*) who will be granted Options under the SOP, to the extent permitted, will: (a) provide on a *bona fide* basis technical, business, management or other services to the Solectron Companies (other than services relating to the sale of securities or promotional/investor relations services); (b) provide consulting services to the Solectron Companies under a written contract; (c) have a relationship with the Solectron Companies that will permit them to be knowledgeable about the business affairs of the Solectron Companies; and (d) will spend a significant amount of time and attention on the affairs and business of one or more of the Solectron Companies;

23. Share purchase rights issued under the ESPP are not transferable;

24. Unless determined otherwise by the Committee an Option granted under the SOP may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of intestacy and may be exercised, during the lifetime of the optionee, only by the optionee. If the Committee makes an Option transferable, such Option shall contain such additional terms and conditions as the Committee deems appropriate;

25. Following the termination of a Participant's relationship with the Solectron Companies for reasons of disability, retirement, termination, change of control or any other reason (such Participants are "Former Participants"), and where Awards have been transferred by will or pursuant to a beneficiary designation or the laws of intestacy or otherwise on the death of a Participant (beneficiaries of such Awards are "Permitted Transferees"), the Former Participants and Permitted Transferees will continue to have rights in respect of the Plans ("Post-Termination Rights");

26. Post-Termination Rights may include, among other things, (a) the right to exercise Options for a period determined in accordance with the SOP; (b) the right to receive payment of accumulated payroll deductions in his or her account, without interest under the ESPP; and (c) the right to sell Shares acquired under the Plans through the Agent;

27. Post-Termination Rights will only be available if the Awards or rights to which they relate were granted to the Participant while the Participant was a Participant and no new Awards or rights will be granted to Former Participants under the Plans;

28. Among other payment methods, the SOP provides that payment for Shares acquired pursuant to the SOP may be made: (a) in cash; (b) by the surrender of Shares owned by the Participant to the Solectron for cancellation ("Stock-Swap Exercises") or to the Agent for resale; (c) by the retention of a number of Shares by Solectron from the total number of Shares into which the Option is exercised; or (d) by a combination of the foregoing;

29. Options may be forfeited by SOP Participants to the extent such Options are not exercised within the time period prescribed under the SOP or where the Participant's relationship with Solectron is terminated or where Options are cancelled on a merger or sale of assets or on the dissolution or liquidation of Solectron ("Option Cancellations");

30. Solectron shall have the right to deduct applicable taxes from any payment under the Plans by withholding, at the time of delivery or vesting of cash or Shares under the Plans, an appropriate amount of cash or Shares ("Share Withholding Exercises") (collectively, Share Withholding Exercises, Stock Swap Exercises and Option Cancellations are "Award Acquisitions") or a combination thereof for a payment of taxes required by law or to take such other action as may be necessary in the opinion of Solectron or the Committee to satisfy all obligations for the withholding of such taxes;

31. The annual reports, proxy materials and other materials Solectron is required to file with the SEC will be provided to Participants resident in Canada at the same time and in the same manner as the documents are provided or made available to U.S. Participants;

32. Shareholders resident in Canada do not own, directly or indirectly, more than 10% of the issued and outstanding Shares and do not represent in number more than 10% of the shareholders of Solectron.

33. If at any time during the currency of the Plans shareholders resident in Canada hold, in aggregate, greater than 10% of the total number of issued and outstanding Shares or if such shareholders constitute more than 10% of all shareholders of Solectron, Solectron will apply to the relevant Jurisdiction for an order with respect to further trades to and by Participants, Former Participants and Permitted Transferees in that Jurisdiction in respect of Shares acquired under the Plans;

34. Participants, Former Participants or Permitted Transferees may exercise Options and sell Shares acquired under the Plans through an Agent;

35. Because there is no market for the Shares in Canada and none is expected to develop, any resale of the Shares acquired under the Plans will be effected through the facilities of, and in accordance with the rules and laws applicable to, a stock exchange or organized market outside of Canada on which the Shares may be listed or quoted for trading;

36. The Legislation of certain of the Jurisdictions does not contain exemptions from the Prospectus and Registration Requirements for Award exercises by Participants, Former Participants or Permitted Transferees through the Agent where the Agent is not a registrant;

37. Where the Agent sells Shares acquired under the Plans on behalf of Participants, Former Participants or Permitted Transferees, the Participants, Former Participants, Permitted Transferees or the Agent may not be able to rely on the exemptions from the Prospectus and Registration Requirements contained in the Legislation;

38. The acquisition by Solectron of Shares pursuant to the Award Acquisitions may be an issuer bid as defined in the Legislation. The exemptions in the Legislation from the Issuer Bid Requirements may not be available for these acquisitions by Solectron of its Shares from Participants, Former Participants or Permitted Transferees in accordance with the terms of the Plans, since these acquisitions may occur at a price that is not

calculated in accordance with the "market price," as that term is defined in the Legislation and may be made from persons other than Participants or former Participants;

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

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

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

(a) the Registration and Prospectus Requirements will not apply to certain trades or distributions of Awards made in connection with the Plans, including trades or distributions involving the Solectron Companies, the Agents, Participants, Former Participants, and Permitted Transferees, provided that the first trade in any securities acquired through the Plans pursuant to this Decision will be deemed a distribution, or a primary distribution to the public under the Legislation;

(b) the first trade by Participants, Former Participants or Permitted Transferees in Shares acquired pursuant to this Decision, including first trades effected through the Agent, shall not be subject to the Registration and Prospectus Requirements, provided that the conditions in subsection 2.14(1) of Multilateral Instrument 45-102 - *Resale of Securities,* other than the requirements of paragraph 2.14(1)(a), are satisfied; and

(c) the Issuer Bid Requirements shall not apply to the acquisition by Solectron of Shares from Participants, Former Participants or Permitted Transferees in connection with the Plans provided such acquisitions are made in accordance with the provisions of the Plans.

November 8, 2002.

“Paul M. Moore” “Harold P. Hands”

2.2 Orders

2.2.1 RBC Global Investment Management Inc. and RM Canadian Money Market Pool - s. 147

Headnote

Waiver of fees applicable to exempt distributions of securities of mutual fund where such distribution is made (i) to certain pooled funds and non-redeemable investment funds, so there is no duplication of fees, and (ii) to other entities provided that fee paid annually on net sales during that year.

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

AND

IN THE MATTER OF
RBC GLOBAL INVESTMENT MANAGEMENT INC.
RM CANADIAN MONEY MARKET POOL

ORDER
(Section 147)

UPON the application of RBC Global Investment Management Inc. ("**RBC GIM**"), the manager of the RM Canadian Money Market Pool and certain other funds to be established from time to time (each a "**MM Fund**" and collectively, the "**MM Funds**"), for an order by the Ontario Securities Commission (the "**Commission**") under section 147 of the Securities Act (Ontario) (the "**Act**") that the fees required to be paid by the MM Funds with respect to the distribution of securities of the MM Funds on a prospectus-exempt basis pursuant to Rule 45-501 Exempt Distributions ("**Rule 45-501**") either (i) be waived to avoid the payment of duplicate fees or (ii) be based on the applicable percentage of net sales in Ontario from such distribution of securities of the MM Funds, being the rate applicable to money market funds, rather than based on the applicable percentage of the aggregate gross proceeds realized in Ontario from the distribution of securities of the MM Funds.

AND UPON it having been represented by RBC GIM to the Commission that:

1. RBC GIM is registered as an adviser in the categories of investment counsel, portfolio manager and commodity trading manager and as a dealer in the category of limited market dealer under the Act.

2. RBC GIM is or will be the trustee, manager and primary investment advisor of the MM Funds and other mutual funds in the same family of funds (the MM Funds and all other funds in the same family, including any other fund which may be established in the future, are referred to herein, collectively, as the "RM Funds" and each as an "RM Fund").

3. Each of the RM Funds is or will be a trust established under the laws of the province of Ontario pursuant to a declaration of trust and will be a "mutual fund in Ontario" within the meaning of the Act.

4. The RM Canadian Money Market Pool complies with most but not all of the requirements of the definition of "money market fund" within the meaning of National Instrument 81-102 – Mutual Funds ("NI 81-102"). The Pool is permitted to invest up to 30% of its assets in securities denominated in a currency other than that in which the Pool's net asset value is calculated, which is inconsistent with paragraph (c) of the definition. Each of the other MM Funds will be a money market fund within the meaning of NI 81-102 or will comply with most of the requirements of such definition. The MM Funds will be used by the Top Funds, and it is expected that the MM Funds will be used by other investors, for short term investment of cash balances only. It is anticipated that there will be a high number of purchases and redemptions in the MM Funds every year, and that they will be purchased by those wanting a short term investment only.

5. The RM Funds offer or will offer Series A and Series B units pursuant to a confidential offering memorandum or pursuant to a simplified prospectus and annual information form to investors resident in all provinces and territories of Canada, if under an offering memorandum pursuant to exemptions from the prospectus requirements and, in certain provinces and territories, pursuant to exemptions from the registration requirements of the applicable securities law.

6. The MM Funds also issue or will issue Series C units, which are not offered under an offering memorandum or a simplified prospectus and annual information form, to the other RM Funds (the "Top Funds"), at the discretion of RBC GIM. There are no management fees charged in respect of the Series C units.

7. Trades of units of an RM Fund to investors resident in Ontario, if under an offering memorandum, will be made in reliance on the exemption for trades to an accredited investor pursuant to section 2.3 of Rule 45-501 or in reliance upon the exemption provided by section 2.12 of that Rule, or in reliance on other exemptions.

8. Series A and Series B units of the RM Funds may only be purchased through an investment management account which is managed under the terms of an investment management agreement on a discretionary basis by RBC GIM, or other entities permitted by RBC GIM from time to time to make such purchases, or under the

terms of an investment management agreement by RBC Dominion Securities Inc.

9. Units of the MM Funds are or will be subject to minimum investment amounts of $5,000,000 for Series A units and $1,000,000 for Series B units. Any subsequent investment in, or redemption of, units must be in increments of at least $150,000. There is no prescribed minimum investment amount for Series C units.

10. The Top Funds invest or will invest their cash balances directly in Series C units of the MM Funds, subject to compliance with any investment restrictions applicable to the Top Funds.

11. Each of the Top Funds is or will be required to pay filing fees to the Commission in respect of the distribution of its units in Ontario pursuant to section 7.3 of Rule 45-501 or pursuant to section 14 of Schedule I to the Regulations under the Act and will similarly be required to pay fees in respect of the distribution of its units in other relevant Canadian jurisdictions pursuant to applicable securities legislation in each of those jurisdictions.

12. Each of the MM Funds is or will be required to pay filing fees to the Commission in respect of the distribution of its units in Ontario pursuant to section 7.3 of Rule 45-501, including the distribution of Series C units to the Top Funds, or pursuant to section 14 of Schedule I to the Regulations under the Act and will similarly be required to pay fees in respect of the distribution of its units in other relevant Canadian jurisdictions pursuant to the applicable securities legislation in each of those jurisdictions.

13. A duplication of filing fees may result when assets of a Top Fund are invested in Series C units of an MM Fund and when distributions from an MM Fund are reinvested in additional units of the MM Fund on behalf of a Top Fund.

14. Money market funds which are distributed continuously by way of a prospectus pay fees in respect of such distributions annually based on the net sales in Ontario during the preceding year.

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

IT IS ORDERED that, pursuant to section 147 of the Act, the payment of fees required under section 7.3 of Rule 45-501 that would otherwise be applicable to a distribution of securities of a MM Fund shall not be applicable provided that:

1. such distribution of securities of Series C securities of a MM Fund is made to a Top Fund which pays fees in respect of the issue of its units; or

2. if the distribution of securities of a MM Fund is made to an entity other than a Top Fund, the following conditions are satisfied:

   (a) securities of each MM Fund are issued only in reliance on exemptions from the prospectus requirement of section 53 of the Act;

   (b) each MM Fund pays a fee within 30 days after the financial year end of the MM Fund; and

   (c) the fee payable by each MM Fund is equal to the greater of: $100 and 0.02% of the net sales in Ontario from the distribution of securities of the MM Fund in such financial year (less any applicable discount), where net sales is the amount calculated by the following formula:

   X-Y

   where

   "X" is the aggregate gross proceeds realized in Ontario from distributions of securities of the MM Fund during the financial year in reliance on exemptions from the prospectus requirement of section 53 of the Act, and

   "Y" is the aggregate of the redemption and repurchase prices paid to redeem or repurchase securities of the MM Fund held by persons in Ontario during the financial year.

November 12, 2002.

"Howard Wetston" "Harold Hands"

2.2.2 Summit Real Estate Investment Trust Limited Partnership - s. 127

Headnote

Section 147 – issuer is exempt from the payment of the fee otherwise payable pursuant to section 7.3 of Rule 45-501 in connection with a dual structure transaction where a filing fee will have already been paid.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 147.

Rules Cited

Ontario Securities Commission Rule 45-501 – Exempt Distributions, s. 7.3.

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

AND

IN THE MATTER OF
SUMMIT REAL ESTATE INVESTMENT TRUST LIMITED PARTNERSHIP

ORDER
(Section 147)

UPON the application (the "Application") by Summit Real Estate Investment Trust Limited Partnership ("Borrower") for an order pursuant to Section 147 of the Securities Act (Ontario) (the "Act") exempting the Borrower from the payment of duplicative fees otherwise payable under Section 7.3 of Rule 45-501 of the Ontario Securities Commission ("Rule 45-501") in connection with a commercial mortgage loan from Falcon Trust ("Issuer") to the Borrower;

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

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

1. The Issuer was formed under the laws of the Province of Ontario on July 10, 2002.

2. The Issuer filed, and obtained a receipt for, a final (short form) prospectus (the "Prospectus") dated October 7, 2002 from the securities regulatory authorities and securities commissions in each of the provinces of Canada.

3. The Prospectus qualified for distribution One Hundred Forty-Seven Million Five Hundred Thousand ($147,500,000) Dollars of Commercial Mortgage Pass-Through Certificates, Series 2002 SMU (the "Certificates") of the Issuer.

4. Each Certificate evidences an undivided co-ownership interest in a pool of mortgage loans (the "Mortgage Loans") and certain related assets of the Issuer. The proceeds to the Issuer from its sale of the Certificates were used by the Issuer on behalf of the Certificate holders to originate the Mortgage Loans to the Borrower.

5. The $147,500,000 aggregate initial balance of the pool of Mortgage Loans consists of 60 newly originated conventional, fixed rate Mortgage Loans, each of which are secured by one or more mortgaged properties (collectively the "Mortgaged Properties").

6. The Borrower was created under the laws of the Province of Ontario as a special purpose limited partnership under which Summit REIT (CMBS No. 1) Ltd., a corporation incorporated under the laws of the Province of Ontario, and wholly owned by Summit Real Estate Investment Trust ("Summit"), is the sole general partner of the Borrower and of which Summit is also the sole limited partner. Each of the Borrower and the general partner thereof is a bankruptcy-remote single purpose entity. The activities of the Borrower are limited to matters related to the Mortgaged Properties.

7. The Issuer is, and was at the time it invested in the Mortgage Loans, an "accredited investor" under subsection (t) of that definition in Section 1.1 of Rule 45-501, being a Trust with net assets of at least Five Million ($5,000,000) Dollars.

8. The origination of, and investment in, the Mortgage Loans by the Issuer is exempt from the prospectus requirements pursuant to the prospectus exemption contained in Section 2.3 of Rule 45-501.

9. Unless the relief sought is granted, the Borrower will be required to pay an amount of approximately $29,500 in respect of the borrowing from the Issuer upon the filing of a Form 45-501F1 relating thereto pursuant to Section 7.3 of Rule 45-501.

10. The Issuer has paid filing fees totalling approximately $49,000 to the Ontario Securities Commission in connection with the filing of the preliminary (short form) prospectus and the Prospectus qualifying the distribution of the Certificates. The fees were paid pursuant to paragraph 13(3)(a) and subsection 18(1) of Schedule I to the Regulation made under the Act.

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

IT IS ORDERED, pursuant to section 147 of the Act, that the Participants are exempt from the requirement to pay the fees applicable to the filing of a Form 45-501F1 under section 7.3 of Rule 45-501 in connection with the borrowing of Mortgage Loans by the Borrower.

November 12, 2002.

"Howard I. Wetston" "Harold P. Hands"

2.2.3 Livent Inc. et al.

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

AND

IN THE MATTER OF
LIVENT INC.,
GARTH H. DRABINSKY, MYRON I. GOTTLIEB,
GORDON ECKSTEIN AND ROBERT TOPOL

ORDER

WHEREAS on July 3, 2001 the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990 c.S.5, as amended in respect of Livent Inc. ("Livent"), Garth H. Drabinsky ("Drabinsky"), Myron I. Gottlieb ("Gottlieb"), Gordon Eckstein ("Eckstein") and Robert Topol ("Topol");

AND WHEREAS Drabinsky, Gottlieb, Eckstein and Topol (the "Individual Respondents") have each been charged with several counts of fraud in excess of $5,000 contrary to the Criminal Code of Canada (the "Criminal Code") pursuant to an information identified by police file no. 1998-2469 (referred to herein as the "Proceeding under the Criminal Code"), which alleged offences relate to their conduct as officers of Livent;

AND WHEREAS the Individual Respondents have agreed to certain bail conditions in relation to the Proceeding under the Criminal Code, including agreement by them to refrain from: acting as an officer or director of a "reporting issuer" as that term is defined in the Securities Act (Ontario) (except that in the case of Eckstein, he refrain from acting as a Chief Executive Officer, Chief Operating Officer, Chief Financial Officer or a director of a "reporting issuer" as that term is defined in the Securities Act (Ontario)); applying to become a "registrant" or from being an employee of a "registrant" as that term is defined in the Securities Act (Ontario); becoming a director of any company; and engaging directly or indirectly, in the solicitation of investment funds from the general public, with the exception of an "accredited investor" as that term is defined in Ontario Securities Commission Rule 45-501(1.1);

AND WHEREAS Staff of the Commission and the Individual Respondents, Drabinsky, Gottlieb and Eckstein request, in the particular circumstances, to an adjournment of this proceeding until the conclusion of the trial of the Proceeding under the Criminal Code, and have filed consents herein;

AND WHEREAS counsel for Livent Inc. consents to this request for an adjournment;

AND WHEREAS the Individual Respondent, Topol, opposes the request for an adjournment of the proceeding until the conclusion of the trial of the Proceeding under the Criminal Code;

AND WHEREAS the Respondents Drabinsky and Gottlieb have each previously given an undertaking to the Director of Enforcement of the Commission (the "Director"), that pending the conclusion of the proceedings commenced by the Notice of Hearing dated July 3, 2001, they will not apply to become a registrant or an employee of a registrant, or an officer or director of a reporting issuer without the express written consent of the Director or an Order of the Commission releasing them from the undertaking, as described in the Order of the Commission made on February 22, 2002;

AND WHEREAS the Respondents Eckstein and Topol have each previously given an undertaking to the Director of Enforcement of the Commission, that pending the conclusion of the proceedings commenced by the Notice of Hearing dated July 3, 2001, they will not apply to become a registrant or an employee of a registrant, or a Chief Executive Officer, Chief Financial Officer or Chief Operating Officer or director of a reporting issuer without the express written consent of the Director or an Order of the Commission releasing them from the undertaking, as described in the Order of the Commission made on February 22, 2002;

AND WHEREAS counsel for Staff, counsel for the individual respondents, Drabinsky, Gottlieb and Eckstein, and the respondent Topol, made submissions to the Commission at a hearing held on November 1, 2002 in relation to the request for an adjournment of the proceeding until the conclusion of the trial of the Proceeding under the Criminal Code;

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

IT IS ORDERED THAT pursuant to section 21 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c.S.22, as amended, the hearing before the Commission is adjourned *sine die*, pending the conclusion of the trial of the Proceeding under the Criminal Code, such hearing to be returnable on no less than seven days' notice, or until such further Order as may be made by the Commission.

November 15, 2002.

"Howard Wetston"

2.2.4 Michael Goselin et al. - s. 127

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

AND

IN THE MATTER OF
MICHAEL GOSELIN, IRVINE DYCK,
DONALD McCRORY
AND ROGER CHIASSON

ORDER
(Section 127)

WHEREAS on November 9, 2001, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act");

AND WHEREAS the hearing was scheduled to commence on November 18, 2002 at 10:00 a.m. at the offices of the Alcohol & Gaming Commission of Ontario, 7th floor, 20 Dundas St. West;

AND WHEREAS a settlement hearing relating to one of the respondents will take place on November 18, 2002 at 2:00 p.m.;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to subsection 127(1) of the Act;

IT IS ORDERED THAT the contested hearing is adjourned to November 20, 2002.

November 15, 2002.

"Howard Wetston"

2.2.5 Donald McCrory - s. 127

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

AND

IN THE MATTER OF
MICHAEL GOSELIN, IRVINE DYCK
DONALD McCRORY AND ROGER CHIASSON

ORDER
(Section 127)

WHEREAS on November 9, 2001, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") respecting Donald McCrory ("McCrory") and others;

AND WHEREAS McCrory entered into a Settlement Agreement executed November 14, 2002 (the "Settlement Agreement") in which he agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

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

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to subsection 127(1) of the Act;

IT IS ORDERED THAT:

1. the attached Settlement Agreement is approved;

2. pursuant to subsection 127(1), paragraph 2, trading in any securities by McCrory cease for five years commencing on the date of this Order with the exceptions that:

   (a) McCrory is permitted to trade securities through a registered dealer pursuant to his powers of attorney for property of Helen and (Stanley) Emmett McCrory and/or as the executor of either of their estates; and

   (b) after three years from the date of this Order, McCrory is permitted to trade securities through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada)*); and

3. pursuant to subsection 127(1), paragraph 6, McCrory is reprimanded.

November 15, 2002.

"Howard Wetston" "Robert Davis"

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

AND

**IN THE MATTER OF
MICHAEL GOSELIN, IRVINE DYCK,
DONALD McCRORY AND ROGER CHIASSON**

SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND DONALD McCRORY

I. INTRODUCTION

1. By Notice of Hearing dated November 9, 2001 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider, among other things, whether pursuant to subsection 127(1) and section 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make an order:

   (a) that trading in any securities by the respondent Donald McCrory ("McCrory") cease permanently or for such time as the Commission may direct;

   (b) prohibiting McCrory from becoming or acting as a director or officer of any issuer permanently or for such period as specified by the Commission;

   (c) reprimanding McCrory;

   (d) requiring McCrory to pay the costs of the Commission's investigation and the hearing; and

   (e) such other terms and conditions as the Commission may deem appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agrees to recommend settlement of the proceeding respecting McCrory initiated by the Notice of Hearing in accordance with the terms and conditions set out below. McCrory consents to the making of an order against him in the form attached as Schedule "A" based on the facts set out in Part III of this Settlement Agreement.

III. STATEMENT OF FACTS

Acknowledgement

3. Solely for the purposes of this proceeding, and of any other proceeding commenced by a securities regulatory agency, Staff and McCrory agree with the facts set out in paragraphs 4 through 24 of this Settlement Agreement.

Facts

(i) McCrory's Registration

4. In early May 1996, McCrory became registered with the Commission to sell mutual funds and limited market products. McCrory was sponsored by Triple A Financial Services Inc. ("Triple A"). Triple A's sponsorship of McCrory continued until mid-October 1998. McCrory subsequently was sponsored by the Investment and Tax Centre. McCrory has not been registered with the Commission since the end of September 2001.

5. During the time that Triple A employed and sponsored McCrory, Roderick Alton ("Alton") was Triple A's President and a director and McCrory's Branch Manager.

(ii) The North George Capital Limited Partnerships

6. In the mid-nineteen nineties, Alton and Michael Magee ("Magee") formed several limited partnerships. North George Capital Limited Partnership was formed on September 8, 1995 pursuant to the laws of Ontario. North George Capital II Limited Partnership, North George Capital III Limited Partnership, North George Capital IV Limited Partnership and North George Capital V Limited Partnership (collectively with North George Capital Limited Partnership, the "North George Limited Partnerships" or the "Partnerships") were formed on August 16, 1996.

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

(iii) The Distribution of Units of the North George Limited Partnerships

8. The North George Limited Partnerships raised funds by offering investors/subscribers the opportunity to purchase units in one or more of the Partnerships. Each subscriber became a limited partner of the Partnership(s) in which he or she invested. Through the sale of units, the North George Limited Partnerships raised approximately US$4.4 million.

9. The distribution of the North George Limited Partnerships securities contravened section 53 of the Act. None of the Partnerships filed a preliminary prospectus or prospectus with the Commission.

10. The North George Limited Partnerships prepared Offering Memoranda, according to which the Partnerships relied on the seed capital prospectus exemption contained in paragraph 72(1)(p) of the Act. Neither this, nor any other, prospectus exemption under the Act was available to the Partnerships.

11. Effectively, the Partnerships were one issuer. Among other things, such Partnerships raised funds based on virtually identical Offering Memoranda and co-mingled investors' funds to be used for a common purpose. Several Partnerships were formed as an attempt to circumvent the seed capital exemption requirement that sales be made to no more than 25 purchasers.

12. Only the Offering Memorandum of North George Capital IV Limited Partnership was filed with the Commission. Only North George Capital IV Limited Partnership filed reports (Form 20's) as required by the Act.

13. The Partnerships' Offering Memoranda provided insufficient information about and/or inadequate explanation of how the investment worked and how the Partnerships would render a rate of return of at least 48% to 120% per year (24% to 60% to investors).

14. The North George Limited Partnerships generated little income. Any "interest" paid to subscribers came largely out of other subscribers' capital. Most investors lost a significant portion of their investment.

(iv) The Distribution of Lionaird Capital Corp. Promissory Notes

15. In May 1997, Lionaird Capital Corp. ("Lionaird") was incorporated pursuant to the laws of Ontario. Lionaird was a private corporation the shares of which were held by Alton, Magee and others in trust for an unnamed party. Alton was the President, Chief Operating Officer and a director of Lionaird. Magee was Lionaird's Vice-President and a director. Kenneth Gill ("Gill") also was an officer and a director.

16. Lionaird raised monies through the sale of promissory notes to investors. Through the purchase of promissory notes by investors, Lionaird raised in excess of $3.4 million. Such sales did not go through Triple A or any other registered dealer.

17. The distribution of Lionaird promissory notes contravened section 53 of the Act. Lionaird did not file a preliminary prospectus or a prospectus with the Commission. On September 12, 1997, Lionaird filed with the Commission an Offering Memorandum dated July 25, 1997. The Lionaird Offering Memorandum related to a purported private placement of 12% secured redeemable promissory notes. Such notes were described in the Offering Memorandum as having a five year term and paying interest of 12% per year (with a potential bonus payment of up to 12%).

18. According to its Offering Memorandum, Lionaird relied on the private placement and seed capital prospectus exemptions contained in paragraphs 72(1)(d) and (p) of the Act. Neither these, nor any other, prospectus exemptions under the Act were available to Lionaird.

19. Further, the Lionaird Offering Memorandum provided insufficient information about, or inadequate explanation of, among other things, how Lionaird would realize the promised rate of return of 12% to 24% to investors.

20. Most of the investors in Lionaird lost all, or substantially all, of their investment.

(v) McCrory's Conduct

21. Between September 1996 and February 1998, McCrory sold approximately US$312,100 worth of units in the North George Limited Partnerships to 7 Ontario investors and approximately $447,000 worth of Lionaird promissory notes to 25 clients.

22. McCrory participated in illegal distributions of a security and engaged in other conduct contrary to Ontario securities law and the public interest by:

    (a) failing to act in the best interests of his clients. The North George Limited Partnerships and Lionaird investments were the first and only limited market products McCrory ever sold. McCrory failed to conduct the appropriate due diligence, and only made inquiries of the principals of the Partnerships and Lionaird who were in an obvious conflict position, to educate himself concerning limited market products in general and the nature and quality of the North George Limited Partnerships and Lionaird investments specifically.

    McCrory did not have sufficient regard to the Partnerships and Lionaird Offering Memoranda. Further, in at least one case, he did not provide his client with a copy of the Offering Memorandum prior to the client's purchase. McCrory pursued his sales of the Partnerships units notwithstanding that the financial statements indicated that the "interest" being paid to investors was taken largely from other investors' capital;

    (b) representing to his clients:

(i) that the North George Limited Partnerships and Lionaird investments were safe and that an investor's principal was 100% guaranteed notwithstanding, among other things, that the Offering Memoranda stated that the securities were speculative;

(ii) that all his or her funds could be retrieved on 30 days notice notwithstanding, among other things, that only Lionaird had the right to redeem its promissory notes; and

(iii) that the rate of return for investors would be at least 24% to 60% in the case of the North George Limited Partnerships and 12% to 24% respecting Lionaird; and

(c) selling Lionaird notes to investors once he was aware that the North George Limited Partnerships were facing difficulties and were failing to pay the promised return. McCrory knew that Alton was a principal of both and that the investment programs were similar; and

(d) recommending and selling investments unsuitable for his clients. One elderly client invested the vast majority of her money in the Partnerships and Lionaird on the recommendation of McCrory.

23. As a result of selling units in the North George Limited Partnerships and promissory notes of Lionaird to clients, McCrory earned commissions and trailer fees of approximately $62,000.

24. McCrory and his wife invested approximately US$68,000 worth of units in the North George Limited Partnerships and $20,000 in Lionaird.

IV. MCCRORY'S POSITION

25. McCrory represents to Staff that:

(a) as a newly-registered salesperson, he relied on the representations of Alton that the North George Limited Partnerships and Lionaird investments were legal and that clients' original principal was guaranteed and refundable;

(b) he believed that the North George Limited Partnerships and Lionaird investments were legitimate; and

(c) the majority of his clients were family members and friends.

V. TERMS OF SETTLEMENT

26. McCrory agrees to the following terms of settlement:

(a) the making of an order:

(i) approving this settlement;

(ii) that trading in any securities by McCrory cease for 5 years with the exceptions that:

(a) McCrory is permitted to trade securities through a registered dealer pursuant to his powers of attorney for property of Helen and (Stanley) Emmett McCrory (McCrory's parents) and/or as the executor of either of their estates; and

(b) after three years from the date of the approval of this settlement, McCrory is permitted to trade securities through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada));* and

(iii) reprimanding McCrory;

(b) McCrory will undertake to the Commission in writing that he will not apply to the Commission for registration in any capacity for 10 years;

(c) within one year prior to applying for registration with the Commission, McCrory will successfully complete the Canadian Securities Course and Conduct Practices Handbook Course; and

(d) in the event that McCrory becomes registered with the Commission, he agrees to be subject to close supervision for the first year of his registration.

VI. STAFF COMMITMENT

27. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under

the Act against McCrory in relation to the facts set out in Part III of this Settlement Agreement.

VII. APPROVAL OF SETTLEMENT

28. Approval of the settlement set out in this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for November 15, 2002 or such other date as may be agreed to by Staff and McCrory (the "Settlement Hearing"). McCrory will attend in person at the Settlement Hearing.

29. Counsel for Staff or McCrory may refer to any part, or all, of this Settlement Agreement at the Settlement Hearing. Staff and McCrory agree that this Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing.

30. If this settlement is approved by the Commission, McCrory agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.

31. Staff and McCrory agree that if this settlement is approved by the Commission, they will not make any public statement inconsistent with this Settlement Agreement.

32. If, for any reason whatsoever, this settlement is not approved by the Commission, or an order in the form attached as Schedule "A" is not made by the Commission:

    (a) this Settlement Agreement and its terms, including all discussions and negotiations between Staff and McCrory leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and McCrory;

    (b) Staff and McCrory shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by this Agreement or the settlement discussions/negotiations;

    (c) the terms of this Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and McCrory or as may be required by law; and

    (d) McCrory agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement, the settlement discussions/negotiations or the process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VIII. DISCLOSURE OF SETTLEMENT AGREEMENT

33. Except as permitted under paragraph 29 above, this Settlement Agreement and its terms will be treated as confidential by Staff and McCrory until approved by the Commission, and forever, if for any reason whatsoever this settlement is not approved by the Commission, except with the consent of Staff and McCrory, or as may be required by law.

34. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission.

IX. EXECUTION OF SETTLEMENT AGREEMENT

35. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

36. A facsimile copy of any signature shall be as effective as an original signature.

November 14, 2002.

"Donald McCrory"
Donald McCrory

November 14, 2002.

"Brian Butler"
Staff of the Ontario Securities Commission
Per: Michael Watson

2.2.6 UBS Global Asset Management (Canada) Co. - s. 147

Headnote

Section 147 – relief from requirement to pay fees in connection with trades in money market fund units which are exempt from prospectus and registration requirements provided fees calculated on based on net sales are filed.

Statute Cited

Securities Act, R.S.O. 1990, c. S.5 as am., ss. 147.

Applicable Ontario Rule

OSC Rule 45-501, s. 2.3, 2.12, 7.3(1).

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

AND

IN THE MATTER OF
UBS GLOBAL ASSET MANAGEMENT (CANADA) CO.

ORDER
(Section 147 of the Act)

UPON the application (the "Application") of UBS Global Asset Management (Canada) Co. (the "Applicant"), to the Ontario Securities Commission (the "Commission") for an order pursuant to section 147 of the Act that UBS (Canada) – Money Market Fund, UBS (Canada) – Government of Canada Money Market Fund and any additional pooled money market funds which may be established by the Applicant in the future from time to time (individually, a "Money Market Fund" and collectively, the "Money Market Funds"), not be subject to the requirement to pay the private placement fee prescribed by subsection 7.3(1) of Ontario Securities Commission Rule 45-501 entitled "Exempt Distributions" ("OSC Rule 45-501");

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a corporation amalgamated under the *Companies Act of Nova Scotia* and is registered under the Act as an adviser, in the categories of investment counsel and portfolio manager, and as a limited market dealer.

2. The Applicant and The Royal Trust Company are the investment manager and the trustee of the UBS (Canada) funds, respectively, which have been established pursuant to an amended and restated trust agreement dated the 8th day of April, 2002 and a separate supplemental trust agreement for each fund.

3. The Money Market Funds are or will be part of the UBS (Canada) funds, each pursuant to a separate supplemental trust agreement.

4. Each Money Market Fund is or will be a "mutual fund in Ontario" as defined in subsection 1(1) of the Act and is or will be a "money market fund" as defined in section 1.1 of National Instrument 81-102, except that units of each Money Market Fund will not be qualified for distribution pursuant to a simplified prospectus.

5. None of the Money Market Funds intends to become a reporting issuer, as such term is defined in subsection 1(1) of the Act, and units of the Money Market Funds will not be listed on any stock exchange.

6. Units of the Money Market Funds will be distributed on a continuous basis to investors in each of the provinces and territories of Canada, including Ontario, pursuant to the private placement exemptions in each jurisdiction's securities legislation.

7. The Applicant uses qualified agents and dealers where necessary to assist it in selling units of the Money Market Funds to investors.

8. The financial year-end of each Money Market Fund is currently December 31st.

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

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

IT IS ORDERED pursuant to section 147 of the Act that the requirement to remit the private placement fee prescribed by subsection 7.3(1) of OSC Rule 45-501 with respect to the sale of units of a Money Market Fund shall not apply, provided the Money Market Fund remits to the Commission, in accordance with either subsection 7.5(8) or section 7.7 of OSC Rule 45-501, a fee equal to 0.02% times the net sales of the units of the Money Market Fund in Ontario during a financial year, where net sales is the amount calculated by the following formula:

X-Y

where

"X" is the aggregate gross proceeds realized from the distribution of units of the Money Market Fund in Ontario during the year, and

"Y" is the aggregate of the redemption and repurchase prices paid to redeem or repurchase units of the Money Market Fund held by persons in Ontario during the year.

November 15, 2002.

"Robert L. Shirriff" "Harold P. Hands"

2.2.7 Burgundy Asset Management Ltd. - ss. 59(1) of Reg. 1015

Headnote

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

Regulations Cited

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

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

AND

IN THE MATTER OF
BURGUNDY ASSET MANAGEMENT LIMITED

AND

IN THE MATTER OF
BURGUNDY BALANCED INCOME FUND
BURGUNDY FOUNDATION TRUST FUND
BURGUNDY PENSION TRUST FUND
BURGUNDY PARTNERS' RSP FUND
BURGUNDY AMERICAN EQUITY FUND
BURGUNDY PARTNERS' FUND
BURGUNDY PARTNERS EQUITY RSP FUND
(the "Funds")

ORDER
(Subsection 59(1) of the Regulation)

UPON the application of Burgundy Asset Management Ltd. ("Burgundy"), the manager of the Funds (collectively the "Top Funds") and the manager of Burgundy Bond Fund, Burgundy European Fund and Burgundy European Foundation Fund and other similar funds that may receive investments from a Top Fund in the future (collectively the "Underlying Funds") for an order pursuant to subsection 59(1) of Schedule I of the Regulation exempting the Underlying Funds from the payment of the annual filing fees payable under Section 14 of Schedule I of the Regulation in respect of the distribution of units (the "Units") of the Underlying Funds to the Top Funds (including the reinvestment of distributions (the "Reinvested Units")).

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

AND UPON Burgundy having represented to the Commission that:

1. The Top Funds and the Underlying Funds are open-end mutual funds established as trusts.

2. Burgundy is the manager of the Top Funds and the Underlying Funds.

3. All distributions by the Underlying Funds of (i) Units to the Top Funds and (ii) Reinvested Units, are made in Ontario.

4. The existing Top Funds and the Underlying Funds are reporting issuers and are not in default of any requirement of the securities acts or regulations applicable to each. The Units of the Top Funds and the Underlying Funds are qualified for distribution pursuant to a simplified prospectus and an annual information form in each province of Canada other than Quebec.

5. As part of their investment strategy the Top Funds invest a fixed amount of their assets in Units of the Underlying Funds.

6. Applicable securities regulatory approvals for the fund-on-fund investment strategies of the Top Funds have been obtained.

7. Annually, each of the Top Funds will be required to pay filing fees to the Commission in respect of the distribution of its Units in Ontario pursuant to Section 14 of Schedule I of the Regulation and will similarly be required to pay fees based on the distribution of its Units in other relevant Canadian jurisdictions pursuant to applicable securities legislation in each of those jurisdictions.

8. Annually, each of the Underlying Funds will be required to pay filing fees in respect of the distribution of its Units in Ontario, including Units issued to the Top Funds pursuant to Section 14 of Schedule I of the Regulation and will similarly be required to pay fees based on the distribution of its Units in other relevant Canadian jurisdictions pursuant to the applicable securities legislation in each of those jurisdictions.

9. A duplication of filing fees pursuant to Section 14 of Schedule I of the Regulation may result when (a) assets of a Top Fund are invested in the applicable Underlying Fund and (b) Reinvested Units are distributed to a Top Fund.

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

IT IS ORDERED by the Commission pursuant to subsection 59(1) of Schedule I of the Regulation that the Underlying Funds are exempt from the payment of duplicate filing fees on an annual basis pursuant to Section 14 of Schedule I of the Regulation in respect of the distribution of Units of the Underlying Funds to the Top Funds and the distribution of the Reinvested Units, in connection with any such distributions made on or after June 1, 2001, provided that each Underlying Fund shall include in its notice filed under subsection 14(4) of Schedule I of the Regulation a statement of the aggregate gross proceeds realized in Ontario as a result of the issuance by the Underlying Funds of (1) Units to the Top Funds and (2) Reinvested Units; together with a calculation of the fees that would have been payable in the absence of this order.

November 8, 2002.

"Robert L . Shirriff" "Howard Wetston"

2.2.8 Ayrex Resources Ltd. - ss. 83.1(1), ss. 9.1(1) of NI 43-101 and ss. 59(2) of Sched. I to Reg. 1015

Headnote

Subsection 83.1(1) – Issuer deemed a reporting issuer in Ontario – Issuer has been a reporting issuer in British Columbia since November 1999 and in Alberta since January 1986 – Issuer listed and posted for trading on the TSX Venture Exchange – Issuer not designated as a capital pool company by TSX Venture – Continuous disclosure requirements of British Columbia and Alberta substantially the same as those of Ontario – Director grants exemption from subsection 4.1(1) of NI 43-101 and certain fee relief.

Statutes Cited

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

National Instruments Cited

National Instrument 43-101 – Standards of Disclosure for Mineral Projects (2001), 24 OSCB 303, ss. 4.1(1), 9.1.

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

AND

ONTARIO REGULATION 1015, R.R.O. 1990,
AS AMENDED (the "Regulation")

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS ("NI 43-101")

AND

IN THE MATTER OF
AYREX RESOURCES LTD.

ORDER AND DECISION
(Subsection 83.1(1) of the Act, Subsection 9.1(1) of NI 43-101 & Subsection 59(2) of Schedule I to the Regulation)

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

AND UPON the application of the Issuer to the Director of the Commission for a decision that the Issuer be exempt from the requirement contained in subsection 4.1(1) of NI 43-101 to file a technical report upon first becoming a reporting issuer in Ontario and pursuant to subsection 59(2) of Schedule I to the Regulation for a decision that the Issuer be exempt from the requirement contained in subsection 53(1) of Schedule I to the Regulation to pay a fee in connection with this application;

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

AND UPON the Issuer representing to the Commission and the Director as follows:

1. The Issuer is a natural resource exploration company incorporated under the *Company Act* (Alberta) by articles of incorporation dated January 22, 1985.

2. The Issuer's registered and head office are located at Suite 1750, 700 - 6th Avenue S.W., Calgary, Alberta T2P 0T8. The Issuer's branch office in Ontario is located at 121 Richmond Street West, Suite 501, Toronto, Ontario M5H 2K1.

3. The authorized share capital of the Issuer consists of an unlimited number of shares without par value designated as Class A voting shares, Class B non-voting shares, Class C non-voting shares and Class D non-voting, non-cumulative, redeemable preferred shares, of which 13,346,999 Class A voting shares (the "Class A Shares") were issued and outstanding as at October 3, 2002.

4. The Issuer has been a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act") since January 14, 1986 following the receipt for a prospectus dated January 13, 1986, and a reporting issuer under the *Securities Act* (British Columbia) (the "B.C. Act") since November 29, 1999, as a result of the merger of the Alberta and Vancouver Stock Exchanges.

5. The Issuer's Class A Shares trade on Tier 2 of the TSX Venture Exchange ("TSX Venture") under the trading symbol AYR.A. The Issuer is not designated as a Capital Pool Company by TSX Venture.

6. TSX Venture requires all of its listed issuers, which are not otherwise reporting issuers in Ontario, to assess whether they have a "significant connection to Ontario" as defined in Policy 1.1 of the TSX Venture Corporate Finance Manual.

7. TSX Venture requires that where an issuer, which is not otherwise a reporting issuer in Ontario, becomes aware that it has a significant connection to Ontario, the issuer promptly make a *bona fide* application to the Commission to be deemed a reporting issuer in Ontario.

8. The Issuer has a significant connection to Ontario in that, a total of 261, or approximately 65%, of the Issuer's registered or beneficial holders of Class A

Shares are residents of Ontario, and such shareholders hold 4,147,966, or approximately 31%, of the Issuer's issued and outstanding Class A Shares. Of that amount, approximately 1,445,400, or 10.8%, of the Issuer's issued and outstanding Class A Shares are owned by Stanley G. Hawkins, a director of the Issuer. The following officers or directors are residents of Ontario: Stanley G. Hawkins, Director; Michel J. Lafrance, Director and Secretary; and T. F. Vernon Le Page, Treasurer and C.F.O.

9. The Issuer has applied to the Commission pursuant to subsection 83.1(1) of the Act for an order that it be deemed a reporting issuer in Ontario.

10. Subsection 4.1(1) of NI 43-101 provides that, upon first becoming a reporting issuer in a Canadian jurisdiction, an issuer shall file with the securities regulatory authority in that Canadian jurisdiction, a current technical report for each property material to the issuer.

11. The Issuer does not have a current technical report and would not otherwise be required to file a technical report pursuant to NI 43-101 at this time except for having to become a reporting issuer in Ontario pursuant to the TSX Venture Corporate Finance Manual.

12. The Issuer is not a reporting issuer under the securities legislation of any jurisdiction other than the Provinces of British Columbia and Alberta.

13. The Issuer is not in default of any requirements of the B.C. Act, the Alberta Act, or any of the rules and regulations thereunder, and is not on the lists of defaulting reporting issuers maintained pursuant to the B.C. Act and the Alberta Act. To the knowledge of management of the Issuer, the Issuer has not been the subject of any enforcement actions by the British Columbia Securities Commission or the Alberta Securities Commission or by TSX Venture.

14. The continuous disclosure requirements of the B.C. Act and the Alberta Act are substantially the same as the requirements under the Act.

15. The materials filed by the Issuer as a reporting issuer in the Provinces of British Columbia and Alberta since January 1, 1997 are available on the System for Electronic Document Analysis and Retrieval. The Issuer's continuous disclosure record is up to date and includes a description of the Issuer's material mineral projects.

16. There have been no penalties or sanctions imposed against the Issuer by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, and the Issuer has not entered into any settlement agreement with any Canadian securities regulatory authority.

17. Neither the Issuer nor any of its directors, officers nor, to the knowledge of the Issuer, its directors and officers, any of its controlling shareholders, 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.

18. Neither the Issuer nor any of its directors, officers nor, to the knowledge of the Issuer, its directors and officers, any of its controlling shareholders, is or has been subject to: (i) any known ongoing or concluded investigations by: (a) a Canadian securities regulatory authority; or (b) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

19. None of the directors or officers of the Issuer nor, to the knowledge of the Issuer, its directors and officers, any of its controlling shareholders, is or has been at the time of such event a director or officer of any other issuer which is or has been subject to: (i) any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

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

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

November 15, 2002.

"Iva Vranic"

AND IT IS DECIDED pursuant to subsection 9.1(1) of NI 43-101 that the Issuer is exempt from

subsection 4.1(1) of NI 43-101 upon being deemed to be a reporting issuer in Ontario.

AND IT IS FURTHER DECIDED pursuant to subsection 59(2) of Schedule I to the Regulation that the Issuer is exempt from the requirement contained in subsection 53(1) of Schedule I to the Regulation to pay a fee in connection with the making of the application under subsection 9.1(1) of NI 43-101.

November 15, 2002.

"Iva Vranic"

2.2.9 Lydia Diamond Exploration of Canada Ltd. et al. - ss. 127 and 127.1

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

AND

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

ORDER
(Sections 127 and 127.1)

WHEREAS on April 1, 2002, the Ontario Securities Commission (the Commission) issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act* (the *Act*) in respect of Lydia Diamond Exploration of Canada Ltd. (Lydia), Jurgen von Anhalt, and Emilia von Anhalt;

AND WHEREAS the Commission conducted a hearing into this matter on June 28, July 3-5, September 18-20, October 10-11 and 15-16, and November 4, 2002;

AND WHEREAS the Commission is satisfied that Lydia, Jurgen von Anhalt and Emilia von Anhalt have not complied with Ontario securities law and have not acted in the public interest;

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

IT IS ORDERED THAT:

Lydia

(1) Pursuant to clause 2 of subsection 127(1) of the *Act*, except as permitted in A, B and C below, trading in any securities of Lydia by Lydia cease for three years from the date of this order:

A. Lydia may issue securities to Jurgen von Anhalt, Emilia von Anhalt, any bank, trust company, loan company, insurance company, or any other entity with assets of at least $100 million, if condition (7) is met.

B. Lydia may issue securities under a prospectus that is filed and receipted under the *Act*, if conditions (7) and (8) are met.

C. Lydia may issue securities under an exemption from the prospectus requirements of the *Act*, if conditions (7), (8) and (9) are met.

(2) Pursuant to clause 6 of subsection 127(1) of the *Act*, Lydia is reprimanded.

Jurgen von Anhalt and Emilia von Anhalt

(3) Pursuant to clause 2 of subsection 127(1) of the *Act*, except as permitted in A and B below, trading by each of Jurgen von Anhalt and Emilia von Anhalt in any securities of any issuer - other than a government, an agency of a government, or a corporation with share capital in excess of $100 million at the time of acquisition of the security by Jurgen von Anhalt or Emilia von Anhalt - cease for 12 years from the date of this order:

A. Jurgen von Anhalt and Emilia von Anhalt may sell securities of Lydia under a prospectus that is filed and receipted under the *Act*, if conditions (7) and (8) are met.

B. Jurgen von Anhalt and Emilia von Anhalt may sell securities of Lydia under an exemption from the prospectus requirements of the *Act*, to a person:

1. who is acquiring all the securities of Lydia owned by Jurgen von Anhalt and Emilia von Anhalt, alone or together; or

2. who is acquiring securities of Lydia from Jurgen von Anhalt or Emilia von Anhalt, or both of them, for an aggregate purchase price of at least $500,000;

if condition (7) is met.

C. Notwithstanding the limitation in (3), Jurgen von Anhalt and Emilia von Anhalt may sell securities of any issuer, other than Lydia, held on the date of this order which are made within 60 days after this date.

(4) Pursuant to clause 7 of subsection 127(1) of the *Act*, each of Jurgen von Anhalt and Emilia von Anhalt resign all positions that he or she holds as a director or officer of any issuer.

(5) Pursuant to clause 8 of subsection 127(1) of the *Act,* each of Jurgen von Anhalt and Emilia von Anhalt is prohibited from becoming or acting as a director or officer of any issuer for 15 years from the date of this order.

(6) Pursuant to clause 6 of subsection 127(1) of the *Act*, each of Jurgen von Anhalt and Emilia von Anhalt is reprimanded.

Conditions

The following are the conditions referred to in this order:

(7) Condition (7):

From the day after this order to the time of a trade:

A. neither of Jurgen von Anhalt and Emilia von Anhalt:

1. is a director, officer, employee, agent or paid consultant of Lydia or of any associate or affiliate of Lydia or of any corporation, partnership, joint venturer or other entity that has a business relationship with Lydia or an associate or affiliate of Lydia;

2. acts as a director or officer of Lydia; or

3. attends directors meetings of Lydia;

B. a majority of the directors of Lydia are independent from Jurgen von Anhalt and Emilia von Anhalt; and,

C. the business and affairs of Lydia are managed, or the management thereof is supervised, exclusively by a committee of directors of Lydia all of whom are independent from Jurgen von Anhalt and Emilia von Anhalt.

(8) Condition (8):

A. Lydia has obtained a report of an independent forensic accountant not associated with Mintz & Partners containing recommendations for adjustments, if any, to the financial statements of Lydia for all completed fiscal years of Lydia. The report should address, but not be limited to, the following:

1. with respect to expenses incurred by Jurgen von Anhalt or Emilia von Anhalt and allowed as corporate expenses or reflected in the shareholders' advance (loan) or cash

clearing account: the reasonableness of amounts of expenses claimed; the validity of expenses, or the portions thereof, allowed as being for proper corporate purposes; the satisfactory nature of documentation (or other independent verification) proving payment of the expenses to the suppliers;

2. with respect to investors' moneys paid for share subscriptions: the receipt by Lydia of such funds and the proper application by or for Lydia of such funds to proper obligations of Lydia;

3. the current balance of amounts owing, if any, by Jurgen von Anhalt and/or Emilia von Anhalt to Lydia or by Lydia to Jurgen von Anhalt and/or Emilia von Anhalt; and,

4. adjustments, if any, required to the financial statements of Lydia, to reflect properly the matters arising from the foregoing, including adjustments, if any, to the shareholders' advance (loan) or cash clearing account, the net income (deficit), and the assets accounts of Lydia for any fiscal period.

In this regard, items for examination by the forensic accountant should include, but not be limited to: (a) amounts recorded as travel and entertainment expenses of Lydia incurred by Jurgen von Anhalt and/or Emilia von Anhalt during the pre-incorporation period; (b) amounts recorded throughout as expenses of Lydia incurred by Jurgen von Anhalt and/or Emilia von Anhalt with respect to travel, accommodation and car rental; (c) the proportion of expenses, such as rent, incurred by Jurgen von Anhalt and/or Emilia von Anhalt which was attributed to business purposes; (d) charges to Lydia's bank accounts and visa accounts incurred by Jurgen von Anhalt and/or Emilia von Anhalt for non-business (personal) expenses; and (e) investors' subscription moneys, if any, not paid to or for the account of Lydia.

B. The directors of Lydia cause the financial statements to be restated, if required, in light of the report.

C. The report and any restated financial statements are filed with the Commission.

(9) Condition (9):

Any trade permitted by (1)C may only be made if, in addition to the requirements of the *Act* and Rule 45-501, before entering into an agreement of purchase and sale, Lydia causes to be delivered to the prospective purchaser an offering memorandum that:

A. contains sufficient information that the investor can form a reasoned decision with regard to its investment in Lydia;

B. attaches Lydia's audited financial statements for all fiscal years, as restated if required in light of the report of the independent forensic accountant;

C. is accompanied by each material change report of Lydia filed since the date of the offering memorandum;

D. is accompanied by the interim financial statements for Lydia's most recently completed financial period for which Lydia prepares interim financial statements that are required to be filed; and

E. describes Lydia's corporate governance practices and the circumstances under which they

were put in place in 2002, and any subsequent changes.

Costs

(10) Pursuant to section 127.1 of the *Act*, Lydia pay $25,000, Jurgen von Anhalt pay $100,000 and Emilia von Anhalt pay $100,000 of the costs of the Commission of, or related to, the hearing in this matter.

November 19, 2002.

"Paul M. Moore" "Mary Theresa McLeod"
"H. Lorne Morphy"

2.2.10 Zamora Gold Corp. - s. 144

Headnote

Cease-trade order revoked where the issuer has remedied its default in respect of disclosure requirements under the Act.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127(1)2, 127(5), 127(8), 144.

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

AND

**IN THE MATTER OF
ZAMORA GOLD CORP.**

**ORDER
(SECTION 144)**

WHEREAS the securities of Zamora Gold Corp. ("Zamora") are subject to a Temporary Order (the "Temporary Order") of the Director made on behalf of the Ontario Securities Commission (the "Commission"), pursuant to paragraph 2 subsection 127(1) and subsection 127(5) of the Act, on May 27, 2002 as extended by further order (the "Extension Order" and collectively, the "Cease Trade Order") of the Director, made on June 7, 2002, on behalf of the Commission pursuant to subsection 127(8) of the Act, that trading in the securities of Zamora cease until the Cease Trade Order is revoked by a further Order of Revocation;

AND UPON Zamora having applied to the Commission pursuant to section 144 of the Act for an Order revoking the Cease Trade Order;

AND UPON Zamora having represented to the Commission that:

1. Zamora is Canadian mineral exploration company engaged in the acquisition, exploration, development and operation of mineral properties, principally in the Nambija gold belt in southern Ecuador;

2. Zamora was incorporated under the laws of Ontario on November 23, 1983 as Northfield Petroleum Corporation. On August 17, 1994 the name was changed to Zamora Gold Corp. On August 13, 1996 Zamora continued under the laws of British Columbia. On June 1, 1998 Zamora continued under the laws of the Yukon Territory;

3. The head office of Zamora is located in Guayaquil, Ecuador. The registered and records office is located in Whitehorse, Yukon Territory;

4. Zamora is authorized to issue an unlimited amount of preferred shares and an unlimited amount of common shares of which 74,194,231 are issued and outstanding as fully paid and non-assessable;

5. The Temporary Order was issued due to the failure of Zamora to file with the Commission audited annual financial statements for the year ended December 31, 2001 (the "Financial Statements") as required by the Act;

6. The Financial Statements were not filed with the Commission due to delays in preparing Zamora's audited files;

7. Zamora mailed the Financial Statements to its registered shareholders on September 17, 2002;

8. The Financial Statements and the interim financial statements for the period ended March 31, 2002 and June 30, 2002 were filed with the Commission via SEDAR on September 18, 2002; and

9. Except for the Cease Trade Order, Zamora is not otherwise in default of any requirements of the Act or the regulation made thereunder.

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

AND UPON the Commission being satisfied that Zamora is now current with the continuous disclosure requirements under Part XVIII of the Act and has remedied its default in respect of such requirements;

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

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

November 15, 2002.

"John Hughes"

2.2.11 Michael Goselin - s. 127

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

AND

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

ORDER
(Section 127)

WHEREAS on November 9, 2001, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") respecting Michael Goselin ("Goselin") and others;

AND WHEREAS Goselin entered into a Settlement Agreement executed on November 15 and 18, 2002 (the "Settlement Agreement") in which he agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission and upon hearing submissions from counsel for Goselin and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order pursuant to subsection 127(1) of the Act;

IT IS ORDERED THAT:

1. the attached Settlement Agreement is approved;

2. pursuant to subsection 127(1), paragraph 2, trading in any securities by Goselin cease for twenty years commencing on the date of this Order with the exception that after three years from the date of this Order, Goselin is permitted to trade securities through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada)*);

3. pursuant to subsection 127(1), paragraph 8, Goselin is prohibited from becoming or acting as an officer or director of a reporting issuer for twenty years; and

4. pursuant to subsection 127(1), paragraph 6, Goselin is reprimanded.

November 18, 2002.

"Howard Wetston" "Robert Davis"

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

AND

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

SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND MICHAEL GOSELIN

I. INTRODUCTION

1. By Notice of Hearing dated November 9, 2001 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider, among other things, whether pursuant to subsection 127(1) and section 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make an order:

   (a) that trading in any securities by the respondent Michael Goselin ("Goselin") cease permanently or for such time as the Commission may direct;

   (b) prohibiting Goselin from becoming or acting as a director or officer of any issuer permanently or for such period as specified by the Commission;

   (c) reprimanding Goselin;

   (d) requiring Goselin to pay the costs of the Commission's investigation and the hearing; and

   (e) such other terms and conditions as the Commission may deem appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agrees to recommend settlement of the proceeding respecting Goselin initiated by the Notice of Hearing in accordance with the terms and conditions set out below. Goselin consents to the making of an order against him in the form attached as Schedule "A" based on the facts set out in Part III of this Settlement Agreement.

III. STATEMENT OF FACTS

Acknowledgement

3. Solely for the purposes of this proceeding, and of any other proceeding commenced by a securities regulatory agency, Staff and Goselin agree with the facts set out in paragraphs 4 through 23 of this Settlement Agreement.

Facts

(i) Goselin's Registration

4. Goselin became registered with the Commission as a mutual funds representative in May 1988. From April 1989, Goselin was registered to sell mutual funds and limited market products. During the material time, Triple A Financial Services Inc. ("Triple A") sponsored Goselin's registration. Goselin has not been registered since December 2, 2001. Prior to becoming registered, Goselin was a bank manager for several years.

5. During the time that Triple A sponsored Goselin, Roderick Alton ("Alton") was Triple A's President and a director.

(ii) The North George Capital Limited Partnerships

6. In the mid-nineteen nineties, Alton and Michael Magee ("Magee") formed several limited partnerships. North George Capital Limited Partnership was formed on September 8, 1995 pursuant to the laws of Ontario. North George Capital II Limited Partnership, North George Capital III Limited Partnership, North George Capital IV Limited Partnership and North George Capital V Limited Partnership (collectively with North George Capital Limited Partnership, the "North George Limited Partnerships" or the "Partnerships") were formed on August 16, 1996.

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

(iii) The Distribution of Units of the North George Limited Partnerships

8. The North George Limited Partnerships raised funds by offering investors/subscribers the opportunity to purchase units in one or more of the Partnerships. Each subscriber became a limited partner of the Partnership(s) in which he or she invested.

9. The North George Limited Partnerships initially promised a rate of return of over 120%, 60% to investors with the possibility of a bonus. Through the sale of units, the North George Limited Partnerships raised approximately US$4.4 million. Such sales did not go through Triple A or any other registered dealer.

10. The distribution of the North George Limited Partnerships securities contravened section 53 of

the Act. None of the North George Limited Partnerships filed a preliminary prospectus or prospectus with the Commission.

11. The North George Limited Partnerships prepared Offering Memoranda, according to which the Partnerships relied on the seed capital prospectus exemption contained in paragraph 72(1)(p) of the Act. Neither this, nor any other, prospectus exemption under the Act was available to the Partnerships.

12. Effectively, the Partnerships were one issuer. Among other things, such Partnerships raised funds based on virtually identical Offering Memoranda and co-mingled investors' funds to be used for a common purpose. The North George Limited Partnerships represented five tranches of the same investment program. Several Partnerships were formed as an attempt to circumvent the seed capital exemption requirement that sales be made to no more than 25 purchasers.

13. Only the Offering Memorandum of North George Capital IV Limited Partnership was filed with the Commission. Only North George Capital IV Limited Partnership filed reports (Form 20's) as required under the Act.

14. The North George Limited Partnerships generated little income. Any "interest" paid to subscribers came largely out of other subscribers' capital. A small number of investors redeemed successfully their investment. Most investors lost a significant portion of their investment.

(iv) The Distribution of Lionaird Capital Corp. Promissory Notes

15. In May 1997, Lionaird Capital Corp. ("Lionaird") was incorporated pursuant to the laws of Ontario. Lionaird was a private corporation the shares of which were held by Alton, Magee and others in trust for an unnamed party. Alton was the President, Chief Operating Officer and a director of Lionaird. Magee was Lionaird's Vice-President and a director. Kenneth Gill ("Gill") also was an officer and a director.

16. Lionaird raised monies through the sale of promissory notes to investors. Through the purchase of promissory notes by investors, Lionaird raised in excess of $3.4 million. Such sales did not go through Triple A or any other registered dealer.

17. The distribution of Lionaird promissory notes contravened section 53 of the Act. Lionaird did not file a preliminary prospectus or a prospectus with the Commission. On September 12, 1997, Lionaird filed with the Commission an Offering Memorandum dated July 25, 1997. The Lionaird Offering Memorandum related to a purported private placement of 12% secured redeemable promissory notes. Such notes were described in the Offering Memorandum as having a five year term and paying interest of 12% per year with a potential bonus payment of up to 12% to investors (the overall rate of return generated to be significantly higher).

18. According to its Offering Memorandum, Lionaird relied on the private placement and seed capital prospectus exemptions contained in paragraphs 72(1)(d) and (p) of the Act. Neither these, nor any other, prospectus exemptions under the Act were available to Lionaird.

19. Most of the investors in Lionaird lost all, or substantially all, of their investment.

(v) Goselin's Conduct

20. Between August 1995 and February 1998, Goselin sold approximately US$1.5 million worth of units in the North George Limited Partnerships to 52 Ontario investors and approximately $570,000 worth of Lionaird promissory notes to 19 investors. Many of Goselin's clients were retired or on the cusp of retirement. Many investors had been clients of Goselin for several years and trusted him implicitly.

21. Goselin participated in illegal distributions of a security and engaged in other conduct contrary to Ontario securities law and the public interest by:

(a) failing to deal fairly and in the best interests of his clients.

When Goselin started to sell the North George Limited Partnerships units to his clients, he had been registered for seven years. Goselin failed to conduct the appropriate due diligence concerning the nature and quality of the Partnerships and Lionaird investments and the requirements of Ontario securities law relating to their distributions.

Goselin made inquiries only of the principals of the Partnerships and Lionaird, individuals who were in an obvious conflict position. For the most part, Goselin took their representations at face value notwithstanding discrepancies in the Offering Memoranda, a lack of credible supporting documentation and a logical inconsistency between a "no

risk" investment and high rates of return.

Goselin sold the North George Limited Partnerships and Lionaird investments without fully understanding the nature of the investments and how they worked.

The Offering Memoranda prepared by the Partnerships and Lionaird contained inconsistent statements and did not provide a clear or logical explanation as to how the investment worked and why it was able to generate significant rates of return (in excess of 120% (60% to investors) in the case of the Partnerships). He did not provide to certain investors a copy of the Offering Memorandum prior to their purchase. Further, Goselin made statements to his clients which were directly contradicted in the Offering Memoranda.

Goselin failed to review adequately the financial statements of the Partnerships, which indicated that the "interest" being paid to investors was taken largely from other investors' capital;

(b) representing to his clients:

(i) that the North George Limited Partnerships and Lionaird investments were safe and that an investors' principal was 100% guaranteed notwithstanding, among other things, that the Offering Memoranda stated that the securities were speculative and the Lionaird Offering Memorandum stated that each note was secured against the assets of the company.

Goselin continued to assure clients that their principal invested in Lionaird was 100% guaranteed even in the face of a company memorandum which explicitly stated that the notes were not guaranteed. Goselin told certain clients that their principal was insured;

(ii) that the North George Limited Partnerships investment product was like a GIC;

(iii) that all his or her funds could be retrieved on 30 days' (90 days' for Lionaird) notice notwithstanding, among other things, that the Lionaird notes matured in five years and were only redeemable by the company;

(iv) that the minimum investment was larger than enumerated in the Offering Memoranda;

(v) that the Commission had approved for sale the investments; and

(vi) that the government had declared Lionaird as RRSP-eligible.

(c) recommending that investors borrow funds, or mortgage their homes, to invest in the North George Limited Partnerships and/or Lionaird;

(d) selling Lionaird notes to investors notwithstanding that the North George Limited Partnerships were facing difficulties and were failing to pay the promised return, particularly given that the principals and general investment strategy were the same for both investments; and

(e) recommending and selling investments unsuitable for his clients. Goselin advised clients to transfer and redeem conservative investments to invest in the Partnerships and Lionaird. In at least two cases, Goselin paid the redemption fee. Certain elderly clients invested virtually all of their retirement savings/RRSP monies in the North George Limited Partnerships and/or Lionaird on the advice of Goselin.

Many of Goselin's clients were financially and emotionally devastated by the loss of their savings. Several of his clients' health suffered because of their resulting anxiety and stress.

22. By selling units in the North George Limited Partnerships and promissory notes of Lionaird to clients, Goselin earned commissions and trailer fees (ie monthly or quarterly payments on each client's investment) of approximately $378,600.

The Offering Memoranda stated that no commissions were payable.

23. In 1997, Goselin's wife invested US$50,000 in the North George Limited Partnerships.

IV. GOSELIN'S POSITION

24. Goselin represents to Staff that in connection with his sales of units in the North George Limited Partnerships and Lionaird promissory notes:

(a) he trusted Alton and relied on Alton's representations and assurances that higher rates of returns were possible, that the principal was guaranteed and that the investment was liquid;

(b) he believed that the investments were liquid and guaranteed as to the principal; and

(c) he believed that the investments complied with Ontario securities law.

V. TERMS OF SETTLEMENT

25. Goselin agrees to the following terms of settlement:

(a) the making of an order:

(i) approving this settlement;

(ii) that trading in any securities by Goselin cease for twenty years with the exception that, after three years from the date of the approval of this settlement, Goselin is permitted to trade securities through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada)*);

(iii) that Goselin is prohibited from becoming or acting as an officer or director of a reporting issuer for twenty years; and

(iv) reprimanding Goselin.

VI. STAFF COMMITMENT

26. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Goselin in relation to the facts set out in Part III of this Settlement Agreement.

VII. APPROVAL OF SETTLEMENT

27. Approval of the settlement set out in this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for November 18, 2002 or such other date as may be agreed to by Staff and Goselin (the "Settlement Hearing"). Goselin will attend in person at the Settlement Hearing.

28. Counsel for Staff or Goselin may refer to any part, or all, of this Settlement Agreement at the Settlement Hearing. Staff and Goselin agree that this Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing.

29. If this settlement is approved by the Commission, Goselin agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.

30. Staff and Goselin agree that if this settlement is approved by the Commission, they will not make any public statement inconsistent with this Settlement Agreement.

31. If, for any reason whatsoever, this settlement is not approved by the Commission, or an order in the form attached as Schedule "A" is not made by the Commission:

(a) this Settlement Agreement and its terms, including all discussions and negotiations between Staff and Goselin leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Goselin;

(b) Staff and Goselin shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by this Agreement or the settlement discussions/negotiations;

(c) the terms of this Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and Goselin or as may be required by law; and

(d) Goselin agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement, the settlement discussions/negotiations or the process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or

any other remedies or challenges that may otherwise be available.

VIII. DISCLOSURE OF SETTLEMENT AGREEMENT

32. Except as permitted under paragraph 28 above, this Settlement Agreement and its terms will be treated as confidential by Staff and Goselin until approved by the Commission, and forever, if for any reason whatsoever this settlement is not approved by the Commission, except with the consent of Staff and Goselin, or as may be required by law.

33. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission.

IX. EXECUTION OF SETTLEMENT AGREEMENT

34. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

35. A facsimile copy of any signature shall be as effective as an original signature.

November 15, 2002.

"Michael Goselin"
Michael Goselin

November 18, 2002.

"Michael Watson"
Staff of the Ontario Securities Commission
Per: Michael Watson

2.2.12 Irvine Dyck - Settlement Agreement

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

AND

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

AND

**IN THE MATTER OF
IRVINE JAMES DYCK**

SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND IRVINE DYCK

I. INTRODUCTION

1. By Notice of Hearing dated November 9, 2001 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider, among other things, whether pursuant to subsection 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make an Order:

   (a) that trading in any securities by the respondent Irvine Dyck ("Dyck") cease permanently or for such time as the Commission may direct;

   (b) prohibiting Dyck from becoming or acting as a director or officer of any issuer permanently or for such period as specified by the Commission;

   (c) reprimanding Dyck;

   (d) requiring Dyck to pay the costs of the Commission's investigation and the hearing; and

   (e) such other terms and conditions as the Commission may deem appropriate.

2. By Notice of Hearing dated October 13, 1999 (the "Dual Capital Notice of Hearing") the Commission announced that it proposed to hold a hearing to consider whether pursuant to subsection 127(1) of the Act, it is in the public interest for the Commission to make an Order:

   (a) that trading in any securities by Dyck cease permanently or for such time as the Commission may direct;

(b) that any exemptions contained in Ontario securities law do not apply to Dyck permanently, or for such period as specified by the Commission;

(c) reprimanding Dyck; and

(d) such other order as the Commission may deem appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff of the Commission ("Staff") agrees to recommend settlement of the proceeding respecting Dyck initiated by the Notice of Hearing and Dual Capital Notice of Hearing (collectively, the "Proceedings") in accordance with the terms and conditions set out below. Dyck consents to the making of an order against him in the form attached as Schedule "A" based on the facts set out in Part III of this Settlement Agreement.

III. STATEMENT OF FACTS

Acknowledgement

4. Solely for the purposes of the Proceedings, and of any other proceeding commenced by a securities regulatory agency, Staff and Dyck agree with the facts set out in paragraphs 5 through 31 of this Settlement Agreement.

Facts

A. Dyck's Registration

5. Dyck became registered with the Commission to sell mutual funds in September 1987. By October 1988, he also was registered to sell limited market products. During the material times, Triple A Financial Services Inc. ("Triple A") sponsored Dyck's registration. Dyck has not been registered since October 1999.

6. During the time that Triple A sponsored Dyck, Roderick Alton ("Alton") was Triple A's President and a director. Dyck operated a Branch Office in North Bay under the sponsorship of Triple A.

B. The North George Capital Limited Partnerships and Lionaird Capital Corp.

(i) The North George Capital Limited Partnerships

7. In the mid-nineteen nineties, Alton and Michael Magee ("Magee") formed several limited partnerships. North George Capital Limited Partnership was formed on September 8, 1995 pursuant to the laws of Ontario. North George Capital II Limited Partnership, North George Capital III Limited Partnership, North George Capital IV Limited Partnership and North George Capital V Limited Partnership (collectively with North George Capital Limited Partnership, the "North George Limited Partnerships" or the "Partnerships") were formed on August 16, 1996.

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

(ii) The Distribution of Units of the North George Limited Partnerships

9. The North George Limited Partnerships raised funds by offering investors/subscribers the opportunity to purchase units in one or more of the Partnerships. Each subscriber became a limited partner of the Partnership(s) in which he or she invested. Through the sale of units, the North George Limited Partnerships raised approximately US$4.4 million. Such sales did not go through Triple A or any other registered dealer.

10. The distribution of the North George Limited Partnerships securities contravened section 53 of the Act. None of the North George Limited Partnerships filed a preliminary prospectus or prospectus with the Commission.

11. The North George Limited Partnerships prepared Offering Memoranda, according to which the Partnerships relied on the "seed capital" prospectus exemption contained in paragraph 72(1)(p) of the Act. Neither this, nor any other, prospectus exemption under the Act was available to the Partnerships.

12. Effectively, the Partnerships were one issuer. Among other things, such Partnerships raised funds based on virtually identical Offering Memoranda and co-mingled investors' funds to be used for a common purpose. The North George Limited Partnerships represented five tranches of the same investment program. Several Partnerships were formed as an attempt to circumvent the "seed capital" exemption requirement that sales be made to no more than 25 purchasers.

13. Only the Offering Memorandum of North George Capital IV Limited Partnership was filed with the Commission. Only North George Capital IV Limited Partnership filed reports (Form 20's) as required under the Act.

14. The North George Limited Partnerships initially promised a rate of return of 5% per month to investors (with the salesperson earning the same monthly percentage as the investor). Subsequently, the Partnerships offered investors a 24% annual return (from a total generated rate of return in excess of 48%). The North George

Limited Partnerships generated little income. Any "interest" paid to subscribers came largely out of other subscribers' capital. A small number of investors redeemed their investment. Most investors lost a significant portion of their investment.

(iii) The Distribution of Lionaird Capital Corp. Promissory Notes

15. In May 1997, Lionaird Capital Corp. ("Lionaird") was incorporated pursuant to the laws of Ontario. Lionaird was a private corporation the shares of which were held by Alton, Magee and others in trust for an unnamed party. Alton was the President, Chief Operating Officer and a director of Lionaird. Magee was Lionaird's Vice-President and a director. Kenneth Gill ("Gill") also was an officer and a director.

16. Lionaird raised monies through the sale of promissory notes to investors. Lionaird promissory notes were marketed as RRSP-eligible. Through the purchase of promissory notes by investors, Lionaird raised in excess of $3.4 million. Such sales did not go through Triple A or any other registered dealer.

17. The distribution of Lionaird promissory notes contravened section 53 of the Act. Lionaird did not file a preliminary prospectus or a prospectus with the Commission. On September 12, 1997, Lionaird filed with the Commission an Offering Memorandum dated July 25, 1997. The Lionaird Offering Memorandum related to a purported private placement of 12% secured redeemable promissory notes. Such notes were described in the Offering Memorandum as having a five year term and paying interest to investors of 12% per year (with a potential bonus payment of up to 12%).

18. According to its Offering Memorandum, Lionaird relied on the "private placement" and "seed capital" prospectus exemptions contained in paragraphs 72(1)(d) and (p) of the Act. Neither these, nor any other, prospectus exemptions under the Act were available to Lionaird.

19. Most of the investors in Lionaird lost all, or substantially all, of their investment.

C. The Sale of Dual Capital Limited Partnership Units

20. Between October, 1994 and December 1995, Dyck sold securities, namely limited partnership units (the "Dual Capital Units") of Dual Capital Limited Partnership, where such trading was a distribution of such securities, without having filed a preliminary prospectus and a prospectus and obtaining receipts therefor from the Director as required by subsection 53(1) of the Act.

21. The Dual Capital Units were purportedly offered for sale pursuant to the "seed capital" prospectus exemption set out in paragraph 72(1)(p) of the Act. The requirements of the "seed capital" exemption from the prospectus requirements in Ontario securities law were not satisfied.

22. During the material times, Dyck sold securities, namely the Dual Capital Units, on his own behalf and/or on behalf of a company operating under the name "Dual Financial Group", and not as a salesperson registered with Triple A. Therefore, Dyck did not trade in accordance with his registration under subsection 26(1) of the Act.

23. Dyck sold Dual Capital Units to ten investors. The ten investors paid $370,000 in total for the purchase of the Dual Capital Units through Dyck. Dyck earned commissions of approximately $30,000 for the sale of the Dual Capital Units.

24. Further, Dyck failed to assess the suitability of the investments to the needs of the investors.

25. Dyck and his wife invested US$30,000 in the Dual Capital Units.

D. Dyck's Conduct

(i) The North George Limited Partnerships and Lionaird

26. Between June 1996 and late February 1998, Dyck sold approximately US$1.1 million worth of units in the North George Limited Partnerships to 36 Ontario investors and approximately $2.7 million worth of Lionaird promissory notes (approximately $1.8 million as a RRSP investment) to 114 Ontario investors.

27. A significant percentage of Dyck's clients who invested in the Partnerships and/or Lionaird were retired or approaching retirement. Many investors had been clients of Dyck for several years and trusted him implicitly.

28. Dyck participated in distributions which did not comply with the Act and engaged in other conduct contrary to Ontario securities law and the public interest by:

(a) failing to deal fairly and in the best interests of his clients.

When Dyck started to sell the North George Limited Partnerhsips units to his clients, he had been registered for 7 years. Dyck failed to conduct the appropriate due diligence concerning the nature and quality of the Partnerships and Lionaird investments and the requirements of Ontario securities law relating to their distributions.

Dyck made inquiries exclusively of Alton, a principal of the Partnerships and Lionaird and in an obvious conflict position. Dyck took his representations at face value notwithstanding discrepancies in the Offering Memoranda, a lack of credible supporting documentation, a logical inconsistency between a "no risk" investment and high rates of return and the ultimate difficulties experienced by the North George Limited Partnerships.

The Offering Memoranda prepared by the Partnerships and Lionaird contained inconsistent statements and did not provide a clear or logical explanation as to how the investment worked and why it was able to generate significant rates of return. In many instances, Dyck did not provide to investors a copy of the correct, or any, Offering Memorandum prior to their purchase.

Dyck did not review the financial statements of the Partnerships prior to selling the Partnerships and Lionaird products to many of his clients. When he received the Partnerships' statements, he continued to sell notwithstanding that they indicated that the "interest" being paid to investors was taken largely from other investors' capital;

(b) representing to his clients that:

(i) the North George Limited Partnerships and Lionaird investments were safe and that an investor's principal was 100% guaranteed notwithstanding, among other things, that the Offering Memoranda stated that the securities were speculative and the Lionaird Offering Memorandum stated that each note was secured against the assets of the company. Dyck continued to assure clients that their principal invested in Lionaird was 100% guaranteed even in the face of a company memorandum which explicitly stated that the notes were not guaranteed;

(ii) his verbal representations overrode inconsistent statements in the Offering Memoranda since the Memoranda only existed to satisfy the Commission;

(iii) all the client's funds could be retrieved notwithstanding, among other things, that the Lionaird notes matured in five years and were only redeemable by the company;

(iv) the minimum investment was larger than enumerated in the Offering Memoranda;

(v) the investments were registered with the Commission; and

(vi) the government had approved Lionaird as RRSP-eligible.

(c) recommending and encouraging investors to borrow funds, obtain a line of credit secured by their home, or use their existing line of credit, to invest in the Partnerships and/or Lionaird;

(d) aggressively marketing the North George Limited Partnerships and Lionaird investments to his clients. Dyck pressured many clients to buy by telling them that the investment opportunity would expire or be capped imminently;

(e) selling Lionaird notes to investors notwithstanding that the North George Limited Partnerships were facing difficulties and were failing to pay the promised return, particularly given that the principals and general investment strategy were the same for both investments.

Dyck sold the Lionaird securities even in the face of a request from Anne Gilmour (administrator of Lionaird) to stop selling the notes because of serious concerns over the propriety of Alton's conduct respecting investors' funds;

(f) signing Subscription Forms/Agreements for certain clients of the respondent Roger Chiasson ("Chiasson") without conducting the appropriate KYC;

(g) recommending and selling investments unsuitable for his clients. Dyck advised many of his clients to transfer and redeem conservative investments to purchase the Partnerships and Lionaird securities. Certain clients redeemed a diversified portfolio of mutual funds to invest in one product. Several retired clients, or clients approaching retirement, invested all or most of their retirement savings/RRSP monies in Partnerships and/or Lionaird on the advice of Dyck.

Many of Dyck's clients were financially and/or emotionally devastated by the loss of their savings. Several of his clients' health suffered because of the resulting stress and anxiety.

29. The Partnerships' Offering Memoranda stated that the units would be sold directly to investors by the General Partner and that no commissions were payable. Further, investors were unaware that Dyck was entitled to continuing trailer fees equivalent to their interest payments.

30. As a result of selling units in the North George Limited Partnerships and promissory notes of Lionaird to clients, Dyck earned commissions and trailer fees of approximately $322,200. He paid out approximately $50,600 to individuals (including Chiasson) for their involvement in certain sales.

(ii) Dual Capital

31. In relation to the sale of Dual Capital Units, Dyck acted contrary to the public interest by:

(a) selling securities on his own behalf and/or on behalf of a company operating under the name "Dual Financial Group" contrary to his registration as a salesperson with Triple A under subsection 26(1) of the Act;

(b) selling securities, namely the Dual Capital Units, which constituted a distribution without a prospectus contrary to subsection 53(1) of the Act; and

(c) failing to assess the suitability of the Dual Capital Units to the needs of his clients.

IV. Dyck's Position

32. Dyck represents to Staff that:

(a) He had worked with Alton for many years and trusted him;

(b) He was never a principal in the North George Limited Partnerships or Lionaird investments. He relied on the representations of Triple A (his dealer) and Alton that the Partnerships and Lionaird investments complied with the Act's and the Commission's requirements;

(c) he relied upon the representations of Triple A and Alton that they had conducted the appropriate due diligence on the North George Limited Partnerships and Lionaird investments;

(d) he relied upon and repeated the representations of Alton concerning the required minimum investment;

(e) he continued to sell the Lionaird investments after Anne Gilmour asked him to stop because Alton assured him that everything was fine;

(f) In 1996, his wife invested US$120,000 in the North George Limited Partnerships. Dyck and his wife purchased $227,000 worth of the Lionaird securities in February 1998. To so invest in Lionaird, they redeemed all their RRSP mutual funds. In order to invest in the Partnerships, Dyck's wife borrowed against the equity in their home. They have not received back any of their principal;

(g) In 1997, his brother-in-law invested US$100,000 in the Partnerships. He has not received back any of his principal; and

(h) In connection with his sale of the Dual Capital Units, he understood that such offering had been cleared by Triple A.

V. TERMS OF SETTLEMENT

33. Dyck agrees to the following terms of settlement:

(a) the making of an order:

(i) approving this settlement;

(ii) that trading in any securities by Dyck cease for twenty years with the exception that, after three years from the date of the approval of this settlement, Dyck is permitted to trade securities through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada)*);

(iii) that Dyck is prohibited from becoming or acting as an officer or director of a reporting issuer for twenty years; and

(iv) reprimanding Dyck.

VI. STAFF COMMITMENT

34. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Dyck in relation to the facts set out in Part III of this Settlement Agreement.

VII. APPROVAL OF SETTLEMENT

35. Approval of the settlement set out in this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for November 18, 2002 or such other date as may be agreed to by Staff and Dyck (the "Settlement Hearing"). Dyck will attend in person at the Settlement Hearing.

36. Counsel for Staff or Dyck may refer to any part, or all, of this Settlement Agreement at the Settlement Hearing. Staff and Dyck agree that this Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing.

37. If this settlement is approved by the Commission, Dyck agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.

38. Staff and Dyck agree that if this settlement is approved by the Commission, they will not make any public statement inconsistent with this Settlement Agreement.

39. If, for any reason whatsoever, this settlement is not approved by the Commission, or an order in the form attached as Schedule "A" is not made by the Commission:

    (a) this Settlement Agreement and its terms, including all discussions and negotiations between Staff and Dyck leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Dyck;

    (b) Staff and Dyck shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by this Agreement or the settlement discussions/negotiations;

    (c) the terms of this Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and Dyck or as may be required by law; and

    (d) Dyck agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement, the settlement discussions/negotiations or the process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VIII. DISCLOSURE OF SETTLEMENT AGREEMENT

40. Except as permitted under paragraph 36 above, this Settlement Agreement and its terms will be treated as confidential by Staff and Dyck until approved by the Commission, and forever, if for any reason whatsoever this settlement is not approved by the Commission, except with the consent of Staff and Dyck, or as may be required by law.

41. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission.

IX. EXECUTION OF SETTLEMENT AGREEMENT

42. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

43. A facsimile copy of any signature shall be as effective as an original signature.

November 17, 2002.

"Irvine Dyck"
Irvine Dyck

November 18, 2002.

"Michael Watson"
Staff of the Ontario Securities Commission
Per: Michael Watson

2.3 Rulings

2.3.1 Northern Trust Corporation

Headnote

Subsection 74(1) - relief from registration requirement granted in connection with first trade of shares acquired under employee stock option plans by non-employee former participants and permitted transferees subject to certain conditions.

Statutes Cited

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

Rules Cited

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

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

AND

IN THE MATTER OF
NORTHERN TRUST CORPORATION

RULING

UPON the application (the "Application") of Northern Trust Corporation (the "Corporation") to the Ontario Securities Commission (the "Commission") for a ruling (the "Ruling") under subsection 74(1) of the Act that section 25 of the Act (the "Registration Requirement") shall not apply to the first trade effected through the Agent (as defined below) in common shares (the "Shares") of the Corporation by a Former Participant or a Permitted Transferee (each, as defined below) who acquired such Shares under the Corporation's 1992 Incentive Stock Plan, as amended (the "1992 Plan") or the Corporation's 2002 Stock Plan (the "2002 Plan" and, together with the 1992 Plan, the "Plans");

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

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

1. The Corporation is incorporated under the laws of the State of Delaware. It is registered with the Securities Exchange Commission (the "SEC") in the U.S. under the United States *Securities Exchange Act of 1934* (the "Exchange Act") and is not exempt from the reporting requirements of the Exchange Act.

2. The Corporation and its affiliates are leading providers of personal fiduciary, asset management, personal and private banking, master trust/custody, global custody, and treasury management services.

3. The authorized share capital of the Corporation consists of 560,000,000 Shares. As of May 20, 2002, there were 227,921,524 Shares issued and outstanding.

4. The Corporation is not a reporting issuer under the Act and has no present intention of becoming a reporting issuer under the Act.

5. The Shares, including those issued under the 1992 Plan and those issuable under the 2002 Plan, are quoted for trading on the NASDAQ Stock Market (the "Nasdaq"). There is no market in Ontario for the Shares and none is expected to develop.

1992 Plan

6. The 1992 Plan was established to provide a sense of recognition and managerial participation among the Corporation's directors, and key officers of the Corporation and its affiliates. Under the 1992 Plan, the Corporation granted awards in the form of options ("1992 Awards") to eligible participants, including officers and directors of the Corporation and its subsidiaries resident in Ontario. A prospectus prepared according to United States securities laws was delivered to each eligible participant who was granted an Award under the 1992 Plan. All annual reports, proxy materials and other materials that the Corporation has been required to file with the SEC have been provided to participants resident in Ontario at the same time and in the same manner as the documents have been provided to participants resident in the U.S. The Corporation will not issue any new Awards to residents of Ontario under the 1992 Plan.

7. As of September 30, 2002, there were approximately 8 persons in Canada who had received options under the 1992 Plan, all of whom are residents of Ontario. A total of 18,351 options were granted under the 1992 Plan to participants resident in Ontario. Directors and officers of the Corporation and its affiliates eligible to participate in the 1992 Plan were not induced to participate in the 1992 Plan or to exercise Awards by expectation of employment or continued employment with the Corporation or its affiliates.

2002 Plan

8. The 2002 Plan was put in place to promote the growth and profitability of the Corporation and its affiliates. Under the 2002 Plan, the Corporation may grant Awards in the form of options, stock appreciation rights, stock awards, stock units and performance shares ("2002 Awards" and, together with the 1992 Awards, the "Awards") to present

and future employees of the Corporation and its affiliates, and to present and future directors of the Corporation. A prospectus prepared according to United States securities laws will be delivered to each eligible participant who is granted an Award under the 2002 Plan. All annual reports, proxy materials and other materials that the Corporation is required to file with the SEC will be provided to participants resident in Ontario at the same time and in the same manner as the documents will be provided to participants resident in the U.S.

9. As of May 1, 2002, there were approximately 31 persons in Canada eligible to participate in the 2002 Plan, all of whom are residents of Ontario. Employees and directors of the Corporation and its affiliates eligible to participate in the 2002 Plan will not be induced to participate in the 2002 Plan or to exercise Awards by expectation of employment or continued employment with the Corporation or its affiliates.

10. Awards may be forfeited by participants in the 2002 Plan: (a) to the extent such Awards are not exercised within the time limit prescribed under the 2002 Plan; (b) where the participant's relationship with the Corporation or its affiliates is terminated; or (c) where an Award is cancelled upon performance measures or goals not being satisfied.

11. Subject to adjustment as described in the 2002 Plan and increases made in accordance with U.S. securities laws, an aggregate of 22,000,000 Shares may be issued under the 2002 Plan.

The Plans

12. The Plans are administered by a committee (the "Committee") designated by the board of directors of the Corporation. Unless otherwise determined by the Committee, Awards are not transferable other than by will or pursuant to the laws of intestacy.

13. The payment by a participant resident in Ontario of an option's exercise price under the Plans may be made (i) in cash; (ii) by the Corporation's withholding of a portion of the Shares otherwise distributable to the participant; and (iii) by delivery of a properly executed notice of exercise, together with irrevocable instructions to the Agent (as defined below) to deliver promptly to the Corporation the amount of sale proceeds from the sale of the option shares to pay the exercise price and any withholding taxes due to the Corporation (a "Cashless Exercise"), or by such other method as the Committee may deem appropriate, in accordance with the terms of the Plans.

14. If the exercise price of an option is paid in whole or in part through the withholding by the Corporation of a portion of the Shares otherwise distributable to the participant, the number of Shares withheld is equal to the number of Shares having an aggregate fair market value (as determined by the Committee) equal to the exercise price, or portion thereof, paid by the participant.

15. The term of each option will be fixed by the Committee, provided that the term does not exceed a period of ten years from the date of the grant.

16. The Corporation intends to use the services of one or more agents/brokers (each an "Agent") in connection with the 2002 Plan. The Corporation has already appointed an Agent for the 1992 Plan.

17. Northern Trust Securities Incorporated ("NTSI"), an affiliate of the Corporation, has been appointed as the initial Agent under the 2002 Plan and is the current Agent under the 1992 Plan. NTSI is not a registrant under the Act but is registered under applicable U.S. securities legislation. Any replacement Agent authorized by the Corporation to provide services as Agent under the 1992 Plan or the 2002 Plan will be a registrant under the Act or a corporation registered under applicable U.S. securities legislation.

18. The role of the Agent may include: (a) disseminating information and materials to Participants in connection with the Plans; (b) assisting with the administration of and general record-keeping for the Plans; (c) holding Shares on behalf of Participants, Former Participants and Permitted Transferees (each as defined below) in limited purpose brokerage accounts; (d) facilitating Award exercises (including Cashless Exercises) under the Plans; (e) facilitating the payment of withholding taxes, if any, by cash or withholding of Shares; and (f) facilitating the resale of Shares issued in connection with the Plans.

19. In order to exercise an option under the Plans, an optionee must call a designated 1-800 number, provide a personal identification security number and identify to the Agent the option, the number of Shares being purchased and the method of payment.

20. Under the Plans, following the termination of a participant's relationship with the Corporation and/or its affiliates for reasons of disability, retirement, termination, change of control or any other reason (such participants being "Former Participants"), and on the death of a participant where Awards have been transferred by will or under the laws of intestacy or otherwise as permitted under the Plans (such beneficiaries being "Permitted Transferees"), the Former Participants and Permitted Transferees will continue to have rights in respect of the Plans ("Post-Termination Rights").

21. Post-Termination Rights may include, among other things: (a) the right to exercise an Award for a period determined in accordance with the Plans and the Award; and (b) the right to sell Shares acquired under the Plans through the Agent.

22. Post-Termination Rights will only be effective where the Award to which they relate was granted while the participant had a relationship with the Corporation and/or its affiliates.

23. Because there is no market for the Shares in Canada and none is expected to develop, any resale by participants, Former Participants and Permitted Transferees of the Shares acquired under the Plans will be effected through the facilities of, and in accordance with the rules and laws applicable to, Nasdaq.

24. As of September 30, 2002, residents of Ontario did not own, directly or indirectly, more than 10% of the issued and outstanding Shares and did not represent in number more than 10% of the shareholders of the Corporation.

25. An exemption from the Registration Requirement is not currently available for the first trade effected through the Agent by a non-employee Former Participant or Permitted Transferee in Shares acquired under the Plans (a "First Trade").

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

IT IS RULED pursuant to subsection 74(1) of the Act that a First Trade will not be subject to the Registration Requirement, provided that the conditions in subsection 2.14(1) of Multilateral Instrument 45-102 *Resale of Securities* are satisfied.

November 15, 2002.

"Robert L. Shirriff" "Harold P. Hands"

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
BRO-X Minerals Ltd.	05 Nov 02	15 Nov 02	15 Nov 02	
Curran Bay Resource Ltd.	06 Nov 02	18 Nov 02	18 Nov 02	
July Resources Corp.	04 Nov 02	15 Nov 02		18 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
AADCO Automotive Inc.	19 Nov 02	02 Dec 02			

This page intentionally left blank

Chapter 5

Rules and Policies

5.1.1 Amendments to OSC Rule 45-502 Dividend or Interest Reinvestment and Stock Dividend Plans, OSC Rule 45-503 Trades to Employees, Executives and Consultants and Rescission of OSC Rule 72-501 Prospectus Exemption for First Trade Over a Market Outside Ontario

**AMENDMENTS TO ONTARIO SECURITIES COMMISSION RULE 45-502
DIVIDEND OR INTEREST REINVESTMENT
AND STOCK DIVIDEND PLANS**

PART 1 AMENDMENTS

1.1 Amendments - Rule 45-502 Dividend or Interest Reinvestment and Stock Dividend Plans is amended by

(a) adding the definition ""MI 45-102" means Multilateral Instrument 45-102 Resale of Securities;";

(b) deleting section 1.2;

(c) deleting clause 3.1(a)(ii) and substituting for that clause

"(ii) an issuer other than a reporting issuer and the class of securities is listed and posted for trading, traded, or quoted, on

(A) Bourse de Montréal Inc.,

(B) the TSX Venture Exchange Inc.,

(C) the New York Stock Exchange, Inc.,

(D) the American Stock Exchange LLC,

(E) Nasdaq National Market,

(F) Nasdaq SmallCap Market,

(G) the London Stock Exchange plc, or

(H) a successor to any of the entities listed in subclauses (A) through (G); and";

(d) deleting clauses 3.1(b)(ii) and (iii) and substituting for those clauses

"(ii) at the time of the trade, residents of Canada

(A) did not own directly or indirectly more than 10 percent of the outstanding securities of the class or series; and

(B) did not represent in number more than 10 percent of the total number of owners directly or indirectly of the class or series.";

(e) deleting section 4.1 and substituting for that section

"4.1 **Restrictions on First Trade of Securities Distributed under Section 2.1 or 3.1** - If a security was distributed under an exemption from the prospectus requirement in section 2.1 or 3.1, the first trade in that security is subject to section 2.6 of MI 45-102.";

(f) deleting Part 5; and

(g) renumbering Part 6 as Part 5, section 6.1 as section 5.1, Part 7 as Part 6 and section 7.1 as section 6.1.

PART 2 EFFECTIVE DATE

2.1 **Effective Date** - These Amendments come into force on December 1, 2002.

AMENDMENTS TO ONTARIO SECURITIES COMMISSION RULE 45-503
TRADES TO EMPLOYEES, EXECUTIVES
AND CONSULTANTS

PART 1 AMENDMENTS

1.1 Amendments - Rule 45-503 Trades to Employees, Executives and Consultants is amended by

(a) adding the definition ""convertible security" means a security of an issuer that is convertible into, or carries the right of the holder to purchase or otherwise acquire, or of the issuer to cause the purchase or acquisition of, a security of the same issuer;";

(b) adding the definition ""exchangeable security" means a security of an issuer that is exchangeable for, or carries the right of the holder to purchase or otherwise acquire, or of the issuer to cause the purchase or acquisition of, a security of another issuer;";

(c) deleting the definition "foreign-listed issuer" and substituting for that definition ""foreign-listed issuer" means an issuer any of the securities of which are listed and posted for trading, or traded, on the American Stock Exchange LLC, the New York Stock Exchange, Inc. or the London Stock Exchange plc or quoted on Nasdaq National Market or Nasdaq SmallCap Market or a successor to any of those entities;";

(d) deleting the definition of "hold period";

(e) deleting the definition of "listed issuer" and substituting for that definition ""listed issuer" means an issuer any of the securities of which are listed and posted for trading, or traded, on the Toronto Stock Exchange, the TSX Venture Exchange Inc., or Bourse de Montréal Inc. or a successor to any of those entities;";

(f) adding the definition ""MI 45-102" means Multilateral Instrument 45-102 Resale of Securities;";

(g) adding the definition ""multiple convertible security" means a security of an issuer that is convertible into, or exchangeable for, or carries the right of the holder to purchase or otherwise acquire, or of the issuer to cause the purchase or acquisition of, a convertible security, an exchangeable security or another multiple convertible security;";

(h) deleting the definition "underlying security" and substituting for that definition ""underlying security" means a security issued or transferred, or to be issued or transferred, in accordance with the terms of a convertible security, an exchangeable security or a multiple convertible security.";

(i) deleting subsection 1.2(5) and substituting for that subsection

"(5) In this Rule, references to “current” and “former” refer to the status at the time of a trade by the individual employee, the individual executive and, in the case of a consultant, the status of the individual consultant or the consultant’s company or consultant partnership.”;

(j) deleting subsection 1.2(7) and substituting for that subsection

"(7) In this Rule, an issuer is considered to have a *de minimis* Canadian market with respect to a class or series of securities of the issuer if, at the relevant time, residents of Canada

(a) did not own directly or indirectly more than 10 percent of the outstanding securities of the class or series; and

(b) did not represent in number more than 10 percent of the total number of owners directly or indirectly of securities of the class or series.";

(k) deleting section 2.4 and substituting for that section

"2.4 ***De Minimis* Registration Exemption for Trades by Employees, Former Employees, Consultants, Former Consultants and Administrators** - Section 25 of the Act does not apply to a trade by an employee, former employee, consultant or former consultant of an issuer (including a personal representative of, or a beneficiary under, the estate of any of these individuals), or an employee administrator of an issuer on behalf of an employee, former employee, consultant or

former consultant (including a personal representative of, or a beneficiary under, the estate of any of these individuals), in a security of the issuer's own issue, if

(a) in the case of a trade by a former employee, former consultant or administrator on behalf of a former employee or former consultant (including a personal representative of, or a beneficiary under, the estate of any of these individuals), the security, or in the case of a trade of an underlying security, the convertible security, exchangeable security or multiple exchangeable security, was distributed to the former employee, former consultant or administrator of the issuer under an exemption from the prospectus requirement in section 2.2, 5.1 or 8.1;

(b) the issuer was not a reporting issuer at the time of the acquisition of the security, or in the case of an underlying security at the time of the acquisition of the convertible security, exchangeable security or multiple exchangeable security;

(c) at the time of the acquisition of the security, or in the case of an underlying security at the time of the acquisition of the convertible security, exchangeable security or multiple exchangeable security, the issuer had a *de minimis* Canadian market for the security; and

(d) the trade is made

(i) through an exchange, or a market, outside of Canada, or

(ii) to a person or company outside of Canada.";

(l) deleting paragraph 3.2(a) and substituting for that paragraph

"(a) in the case of the issue of a security as an incentive,

(i) prior shareholder approval has been obtained for the incentive or the incentive plan under which the incentive is being issued, including any amendments thereto, if the incentive or the incentive plan, in each case together with all of the issuer's other previously established or proposed incentives or incentive plans, could result, at any time, in

(A) the number of shares reserved for issuance under stock options granted to related persons exceeding 10 percent of the outstanding issue,

(B) the issuance to related persons, within a 12 month period, of a number of shares exceeding 10 percent of the outstanding issue,

(C) the number of shares reserved for issuance under stock options granted to any one related person and the related person's associates exceeding five percent of the outstanding issue, or

(D) the issuance to any one related person and the related person's associates, within a 12 month period, of a number of shares exceeding five percent of the outstanding issue, or

(ii) prior shareholder approval has been obtained for the incentive or the incentive plan under which the incentive is being issued, irrespective of whether any amendments are made subsequent to shareholder approval, if

(A) the incentive or the incentive plan, in each case together with all of the issuer's other previously established or proposed incentives or incentive plans, could result, at any time, in

I. the number of shares reserved for issuance under stock options granted to related persons exceeding 10 percent of the outstanding issue,

II. the issuance to related persons, within a 12 month period, of a number of shares exceeding 10 percent of the outstanding issue,

III. the number of shares reserved for issuance under stock options granted to any one related person and the related person's associates exceeding five percent of the outstanding issue, or

IV. the issuance to any one related person and the related person's associates, within a 12 month period, of a number of shares exceeding five percent of the outstanding issue, and

(B) the amendments made subsequent to the shareholder approval could not result in the number of shares reserved for issuance, or issued with a 12 month period, exceeding the applicable percentage referred to in clause (A).

(m) deleting clause 3.3 (b)(ii) and substituting for that clause

"(ii) at the time of the trade, the issuer has a *de minimis* Canadian market for the security; and";

(n) deleting section 3.5 and substituting

"3.5 ***De Minimis* Registration Exemption for Trades by Executives, Former Executives and Administrators** - Section 25 of the Act does not apply to a trade by an executive or former executive of an issuer (including a personal representative of, or a beneficiary under, the estate of any of these individuals), or an executive administrator of an issuer on behalf of an executive or former executive (including a personal representative of, or a beneficiary under, the estate of any of these individuals), of a security of the issuer's own issue, if

(a) in the case of a trade by a former executive or an executive administrator on behalf of a former executive (including a personal representative of, or a beneficiary under, the estate of a former executive), the security, or in the case of a trade of an underlying security, the convertible security, exchangeable security or multiple exchangeable security, was distributed to the former executive or executive administrator of the issuer under an exemption from the prospectus requirement in section 3.1, 3.2, 3.3, 5.1 or 8.1;

(b) the issuer was not a reporting issuer at the time of the acquisition of the security, or in the case of an underlying security at the time of the acquisition of the convertible security, exchangeable security or multiple exchangeable security;

(c) at the time of the acquisition of the security, or in the case of an underlying security at the time of the acquisition of the convertible security, exchangeable security or multiple convertible security, the issuer had a *de minimis* Canadian market for the security; and

(d) the trade is made through

(i) an exchange, or a market, outside of Canada, or

(ii) to a person or company outside of Canada.";

(o) deleting section 7.1 and substituting for that section

"7.1 **Removal of Certain Exemptions for Trades of Securities of Certain Companies –** The exemption contained in section 2.1 of Ontario Securities Commission Rule 45-501 Exempt Distributions is not available for a trade in a security of a subsidiary company of an employee or an executive, or a consultant company, if the company has acquired securities under an exemption contained in this Rule and at the time of the trade holds the securities, unless a trade of the securities acquired by the company to the purchaser would have been permitted under section 9.1.

(p) deleting subsection 8.1(2);

(q) deleting section 9.1 and substituting for that section

"9.1 **Restrictions on First Trades of Securities Distributed under Exemptions in Rule**

(1) If a security is distributed to a person or company, other than an associated consultant or an investor consultant of the issuer of the security, under an exemption from the prospectus

requirement in section 2.2, 3.1, 3.2, 3.3, 5.1 or 8.1, the first trade in that security is subject to section 2.6 of MI 45-102.

(2) If a security was distributed to an associated consultant or investor consultant of the issuer of the security under an exemption from the prospectus requirement in section 2.2, 5.1 or 8.1, the first trade in that security is subject to section 2.5 of MI 45-102.

(3) If a convertible security, exchangeable security or multiple convertible security was distributed to an associated consultant or investor consultant of the issuer of the underlying security under an exemption from the prospectus requirement in section 2.2, 5.1 or 8.1, the first trade in the underlying security is subject to section 2.5 of MI 45-102.

(4) If the trade is a trade referred to in section in section 6.1 or section 8.1, the trade is not subject to the prospectus requirement."; and

(r) deleting Part 10 and substituting for that Part

"PART 10 - ISSUER BID EXEMPTIONS

10.1 **Issuer Bid Exemptions** - Sections 95, 96, 97, 98 and 100 of the Act, section 203.1 of the Regulation and Rule 61-501 Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions do not apply to the acquisition by an issuer of securities of the issuer from an employee, former employee, executive, former executive, consultant or former consultant of the issuer, or an administrator of the issuer on behalf of an employee, former employee, executive, former executive, consultant or former consultant to fulfil withholding tax obligations in respect of the employee, former employee, executive, former executive, consultant or former consultant of the issuer, or as payment of the exercise price of a stock option by the employee, former employee, executive, former executive, consultant or former consultant of an issuer, or an administrator of the issuer on behalf of the employee, former employee, executive, former executive, consultant or former consultant if

(a) in the case of an acquisition from a former employee, former executive, former consultant or an administrator of the issuer on behalf of a former employee, former executive or former consultant, the security, or in the case of an underlying security, the convertible security, exchangeable security or multiple exchangeable security, was distributed to the former employee, former executive, former consultant or an administrator of the issuer under an exemption from the prospectus requirement in section 2.2, 3.1, 3.2, 3.3, 5.1 or 8.1;

(b) the acquisition is made in accordance with the terms of a service provider plan that specifies how the value of the securities acquired by the issuer shall be determined;

(c) in the case of securities acquired as payment of the exercise price of a stock option, the date of exercise of the option is chosen by the option holder; and

(d) the aggregate number, or, in the case of debt securities that are convertible securities, exchangeable securities or multiple exchangeable securities, the aggregate principal amount, of securities acquired by the issuer within a 12 month period under this section does not exceed five percent of the outstanding securities of the class or series at the beginning of the period."

PART 2 EFFECTIVE DATE

2.1 Effective Date - These Amendments come into force on December 1, 2002.

RESCISSION OF ONTARIO SECURITIES COMMISSION RULE 72-501 PROSPECTUS EXEMPTION FOR FIRST TRADE OVER A MARKET OUTSIDE ONTARIO

PART 1 RESCISSION

1.1 **Rescission** - Rule 72-501 Prospectus Exemption for First Trade Over a Market Outside Ontario is rescinded.

PART 2 EFFECTIVE DATE

2.1 **Effective Date** - This rescission comes into force on December 1, 2002.

This page intentionally left blank

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 SecuritiesScource (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

Transaction Date	Purchaser	Security	Total Purchase Price ($)	Number of Securities
01-Nov-2002	8 Purchasers	ABC Fundamental - Value Fund - Units	1,220,000.00	89,913.00
11-Nov-2002	Mario Drinovac	Acuity Pooled Fixed Income Fund - Trust Units	150,000.00	11,431.00
30-Oct-2002	Stephanie Sebastiano	Acuity Pooled High Income Fund - Trust Units	100,000.00	6,884.00
11-Nov-2002	Kenneth Nutt	Acuity Pooled High Income Fund - Trust Units	150,000.00	10,499.00
31-Oct-2002	Algonquin Power Management Inc.	Algonquin Power Fund (America) Inc. - Shares	270.90	2,709.00
31-Oct-2002	Algonquin Power Management Inc	Algonquin Power Fund (Canada) Inc. - Shares	1,000.00	1,000.00
01-Nov-2002	4 Purchasers	Argosy Bridge Fund L.P. I - Limited Partnership Units	25,625,000.00	256,250.00
31-Oct-2002	5 Purchasers	Atsana Semiconductor Corp. - Units	59,000.00	378,200.00
01-Nov-2002	5 Purchasers	Belair Networks Inc. - Preferred Shares	4,611,291.66	14,305,776.00
08-Nov-2002	Clarita Salinas and Sal Salinas	Blue Lagoon Ventures Inc. - Convertible Debentures	52,500.00	52,500.00
08-Nov-2002	Barbara M. Conolly;Michael F. Harrison	Broadview Press Inc. - Units	12,699.90	70,555.00
29-Oct-2002	4 Purchasers	Bulldog Energy Inc. - Shares	2,065,000.00	3,083,333.00
30-Aug-2002	N/A	Caressant-Care Nursing and Retirement - Bonds	3,246,719.09	1.00
31-Oct-2002	Lynda M. Parker	Discovery Biotech Inc. - Common Shares	1,500.00	500.00

31-Oct-2002	Eugenia Parker & Eugene Parker	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
31-Oct-2002	Frances Picciolo	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
31-Oct-2002	Gladys Wroblewska	Discovery Biotech Inc.	1,500.00	500.00
31-Oct-2002	Gerald Templeman	Discovery Biotech Inc. - Common Shares	9,000.00	3,000.00
31-Oct-2002	The William Mcmullen Family Trust	Discovery Biotech Inc. - Common Shares	4,500.00	1,500.00
31-Oct-2002	Joseph Mrazek	Discovery Biotech Inc. - Common Shares	1,050.00	650.00
31-Oct-2002	Tony Renon	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
31-Oct-2002	Dudley Collins	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
31-Oct-2002	Steve Benko	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
31-Oct-2002	Sheridan Lytle and Norma Lytle	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
31-Oct-2002	John A. Smith	Discovery Biotech Inc. - Common Shares	4,500.00	1,500.00
31-Oct-2002	Marc Rivest	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
31-Oct-2002	Emilio Cavalieri	Discovery Biotech Inc. - Common Shares	4,500.00	1,500.00
31-Oct-2002	Lui Rizzo	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
31-Oct-2002	Manfred Wegner	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
31-Oct-2002	Matteo Orlando	Discovery Biotech Inc. - Common Shares	15,000.00	5,000.00
31-Oct-2002	Neil Wagner	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
31-Oct-2002	Cheryl Anderson	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
31-Oct-2002	Surendra Rai	Discovery Biotech Inc. - Common Shares	15,000.00	5,000.00
31-Oct-2002	Christine E. Davey	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
31-Oct-2002	Patricia F. Figg	Discovery Biotech Inc. - Common Shares	1,500.00	500.00

31-Oct-2002	Paul S. Imola	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
31-Oct-2002	Steve Rozalowsky	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
31-Oct-2002	Mark Savill	Discovery Biotech Inc. - Common Shares	2,100.00	700.00
31-Oct-2002	Dynaccess Ltd.	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
31-Oct-2002	Joe Hurschler	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
31-Oct-2002	Judith B. Emons	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
31-Oct-2002	James Oldershaw	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
31-Oct-2002	Frank Van Beek	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
31-Oct-2002	Keith Watson	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
31-Oct-2002	Kim Metke	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
31-Oct-2002	Mike Fuendling	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
31-Oct-2002	Jason Zarnke	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
31-Oct-2002	Clem Amyotte	Discovery Biotech Inc. - Common Shares	9,000.00	3,000.00
31-Oct-2002	William Altvater	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
31-Oct-2002	Ken Bradley	Discovery Biotech Inc. - Common Shares	3,900.00	1,300.00
31-Oct-2002	Subbhash Parmar	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
31-Oct-2002	Zdenka Wild	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
31-Oct-2002	Robert Bullas	Discovery Biotech Inc. - Common Shares	3,900.00	1,300.00
31-Oct-2002	Traven E. Reed	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
31-Oct-2002	Fred & Mary Guilbeault	Discovery Biotech Inc. - Common Shares	9,000.00	3,000.00
31-Oct-2002	David Maltby	Discovery Biotech Inc. - Common Shares	1,500.00	500.00

31-Oct-2002	Gordon Wood	Discovery Biotech Inc. - Common Shares	9,000.00	3,000.00
31-Oct-2002	Al Tarzwell	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
31-Oct-2002	Howard Huy	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
31-Oct-2002	Mario Russo	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
31-Oct-2002	Andre Benko	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
31-Oct-2002	Noel McVicker	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
29-Oct-2002	15 Purchasers	Dynamic Fuel Systems Inc. - Common Shares	142,000.00	189,334.00
08-Nov-2002	NCE Strategic Energy Fund	Endless Energy Corp. - Common Shares	500,000.00	1,000,000.00
28-Oct-2002	Robert E. Henry	Euston Capital Corp. - Common Shares	15,000.00	5,000.00
28-Oct-2002	Stephen Sorial	Euston Capital Corp. - Common Shares	1,500.00	500.00
28-Oct-2002	Howard Harris	Euston Capital Corp. - Common Shares	2,100.00	2,100.00
07-Nov-2002	Foresight Int'l Fund Limited	Excalibur Limited Partnership - Limited Partnership Units	777,201.00	3.00
26-Feb-2002	4 Purchasers	Excino Technologies Inc. - Common Shares	475,000.00	178,252.00
01-Nov-2002	Dawsco Property Corp.	First Capital Realty Inc. - Common Shares	885,600.00	72,000.00
30-Oct-2002	10 Purchasers	GoodContacts.com. Inc. - Shares	570,005.00	114,000.00
28-Oct-2002	CATX/MN Venture Finance Partnership	Haemacure Corporation - Notes	2,250,000.00	1.00
24-Oct-2002	Polar Securities	Household - Units	250,000.00	10,000.00
10-Sep-2002	Credit Risk Advisors;Bank of Montreal	Jefferson Smurfit Corporation - Notes	1,250,000.00	1,250,000.00
31-Oct-2002	The Bank of Nova Scotia	Joseph Littlejohn & Levy Fund IV, LP - Limited Partnership Interest	4,528,217.00	1.00
31-Oct-2002	Green;Eryn	Kingwest Avenue Portfolio - Units	19,300.00	1,116.00
05-Nov-2002	Triac Industries Inc.	Latham International, LP - Shares	0.00	1.00

05-Nov-2002	N/A	Leith Wheeler Investment Counsel Ltd. - Units	13,098,648.61	1,337,246.00
31-Oct-2002	3 Purchasers	Lexxor Energy Inc. - Flow-Through Shares	663,364.45	270,761.00
04-Nov-2002	Srecko Bobeta	Marketvision Direct, Inc. - Units	100,000.00	1,000,000.00
07-Nov-2002	Graham Millington	Martin Health Group Inc. - Common Shares	109,700.00	1,097,000.00
01-Nov-2002	Jeffrey Gordon	MCAN Performance Strategies - Limited Partnership Units	150,000.00	1.00
08-Nov-2002	Ilia Penek	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
08-Nov-2002	John Morris	Microsource Online, Inc. - Common Shares	1,800.00	300.00
08-Nov-2002	Ewa Haladus	Microsource Online, Inc. - Common Shares	1,200.00	200.00
01-Nov-2002	5 Purchasers	MMCAP Limited Partnership Fund - Limited Partnership Units	350,000.00	303.00
25-Oct-2002	Coppercorp Inc.	MSA Capital Corp - Common Shares	0.00	3,000,000.00
30-Oct-2002	9 Purchasers	New North Resources Ltd. - Flow-Through Shares	124,200.00	414,000.00
28-Oct-2002	4 Purchasers	Ozz Corporation - Common Shares	441,875.00	505,000.00
01-Nov-2002	Canadian Friends of the Hebrew University	Quellos Strategic Partners II, Ltd. - Shares	1,244,800.00	800.00
04-Oct-2002	Interward Capital Corporation;Rockhaven Holdings Ltd.	RayCal Energy Inc. - Common Shares	300,000.00	300,000.00
16-Sep-2002	11 Purchasers	RTICA Corporation - Convertible Debentures	298,000.00	298.00
08-Nov-2002	10 Purchasers	Second World Trader Inc. - Derivative	5,490.00	22.00
08-Nov-2002	Greg Morgan	Second World Trader Inc. - Derivative	140.00	140.00
30-Oct-2002	3 Purchasers	SiGe Semiconductor Inc. - Notes	7,047,450.00	4,500,000.00
04-Nov-2002	9 Purchasers	Sirific Wireless Corporation - Preferred Shares	11,671,089.15	20,418,557.00
30-Oct-2002	Lloyd S. Gurr	TD Capital Private Equity Investors (Canada) L.P. - Limited Partnership Units	862,180.00	55.00
31-Oct-2002	6 Purchasers	TD Harbour Capital Balanced Fund - Trust Units	2,717,852.43	26,701.00

31-Oct-2002	Richard Drayton;ErnestL Eves	TD Harbour Capital Canadian Balanced Fund - Trust Units	935,069.55	7,485.00
05-Nov-2002	Triac Industries Inc.	Technican Pacific Industries, Inc. - Shares	13,383,000.00	1,000.00
01-Nov-2002	Anne MacLean;Robert Grundleger	The Alpha Fund - Limited Partnership Units	3,689,644.00	37.00
01-Nov-2002	6 Purchasers	The Alpha Fund - Limited Partnership Units	4,550,000.00	46.00
09-Sep-2002	Polar Capital A/C Heights	The Hartford Financial Services Group, Inc. - Units	3,750.00	75.00
21-Oct-2002	3 Purchasers	The Prospectus Group Inc. - Convertible Debentures	225,000.00	337,500.00
31-Oct-2002	3 Purchasers	Time Industrial, Inc. - Shares	1,250,000.00	5,229,312.00
01-Apr-2002 6/30/02	65 Purchasers	UBS (Canada) American Equity Fund Series B - Units	3,851,548.00	386,547.00
01-Jul-2002 9/30/02	11 Purchasers	UBS (Canada) American Equity Fund Series B - Units	816,549.99	97,268.93
01-Jul-2002 9/30/02	6 Purchasers	UBS (Canada) Canadian Equity Fund Series B - Units	155,000.00	18,035.66
01-Apr-2002 7/30/02	48 Purchasers	UBS (Canada) Canadian Equity Fund Series B - Units	1,449,924.00	145,035.00
01-Apr-2002 6/30/02	47 Purchasers	UBS (Canada) International Equity Fund Series B - Units	1,539,148.00	154,311.00
01-Jul-2002 9/30/02	9 Purchasers	UBS (Canada) International Equity Fund Series B - Units	703,300.00	79,361.00
29-Oct-2002	4 Purchasers	Ursa Major International Inc. - Special Warrants	63,000.00	180,000.00
31-Oct-2002	4 Purchasers	Vertex Fund - Trust Units	166,715.00	6,551.00
25-Sep-2002	Robert P.Kaplan	VoiceGenie Technologies Inc. - Preferred Shares	250,280.00	159,934.00
07-Nov-2002	NCE Flow-Throught (2002-1) Limited Partnership;CMP 2002 Resources Limited Partnership	WALLBRIDGE MINING COMPANY LIMITED - Flow-Through Shares	2,250,500.00	3,215,000.00
11-Nov-2002	3 Purchasers	WellChoice, Inc. - Common Shares	1,171,567.25	30,100.00
07-Nov-2002	3 Purchasers	WellChoice, Inc. - Common Shares	1,373,964.00	35,300.00
31-Oct-2002	3 Purchasers	Xillix Technologies Corp. - Units	2,339,999.00	11,142,855.00

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

Seller	Security	Number of Securities
Arnold T. Kondrat	Banro Corporation - Common Shares	275,000.00
Matthews-Cartier Holdings Limited	Canfor Corporation - Common Shares	926,990.00
CMG Reservoir Simulation Foundation	Computer Modelling Group Ltd. - Common Shares	100,000.00
F.D.L. & Associes Ltee	Cossette Communication Group Inc. - Shares	50,000.00
Rita L. Cohen	Gendis Inc. - Common Shares	31,740.00
G.P. Metal Products Ltd.	Glendale International Corp. - Common Shares	50,000.00
G.P. Metal Products Ltd.	Glendale International Corp. - N/A	50,000.00
Doug Goodfellow	Goodfellow Inc. - Common Shares	1,500.00
Jipangu Inc.	High River Gold Mines Ltd. - Common Shares	17,074,861.00
Mustang Minerals Corp.	JML Resources Ltd. - Common Share Purchase Warrant	847,483.00
Mustang Minerals Corp.	JML Resources Ltd. - Common Shares	951,999.00
Xenolith Gold Limited	Kookaburra Resources Ltd. - Common Shares	1,499,700.00
Paros Enterprises Limited	Morguard Corporation - Common Shares	2.00
Stanley G. Hawkins	Tandem Resources Ltd. - Common Shares	3,894,000.00

This page intentionally left blank

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
AldeaVision Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated November 13th, 2002
Mutual Reliance Review System Receipt dated November 14th, 2002
Offering Price and Description:
$ *
Rights to Purchase * Common Shares
at a Purchase Price of $ * per Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #492963

Issuer Name:
Bema Gold Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated November 13th, 2002
Mutual Reliance Review System Receipt dated November 13th, 2002
Offering Price and Description:
Cdn$5,000,000 - 3,125,000 Units @ $1.60 per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Haywood Securities Inc.
Griffiths McBurney & Partners
Sprott Securities Inc.
BMO Nesbitt Burns Inc.
Promoter(s):
-
Project #492794

Issuer Name:
Canadian Tire Corporation Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated November 14th, 2002
Mutual Reliance Review System Receipt dated November 14th, 2002
Offering Price and Description:
750,000,000 Medium Term Notes
(unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #493032

Issuer Name:
DG Foods Income Fund
Principal Regulator - Ontario
Type and Date:
Amended and Restated dated November 14th, 2002
Mutual Reliance Review System Receipt dated November 15th, 2002
Offering Price and Description:
Cdn $ * - * Units @ Price $10.00 per Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Promoter(s):
Di Giorgio Corporation
Project #490674

Issuer Name:
Emera Incorporated
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Short Form Prospectus dated November 14th, 2002
Mutual Reliance Review System Receipt dated November 15th, 2002
Offering Price and Description:
$155,800,000 - 9,500,000 Common Shares @$16.40 per Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion-Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
UBS Bunting Warburg Inc.
Promoter(s):
-
Project #493148

Issuer Name:
Enerplus Resources Fund
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form MJDS PREP Prospectus dated November 15th, 2002
Mutual Reliance Review System Receipt dated November 18th, 2002
Offering Price and Description:
$ * - 9,500,000 Trust Units @ $ * per Trust Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Salomon Smith Barney Canada Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
UBS Bunting Warburg Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Promoter(s):
-
Project #493341

Issuer Name:
Glamis Gold Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated November 13th, 2002
Mutual Reliance Review System Receipt dated November 13th, 2002
Offering Price and Description:
$127,555,000 - 12,100,000 Common Shares @$13.15 per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Yorkton Securities Inc.
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
Research Capital Corporation
Sprott Securities Inc.
Promoter(s):
-
Project #492693

Issuer Name:
Harmony Money Market Pool
Harmony RSP Overseas Equity Pool
Harmony U.S. Equity Pool
Harmony Americas Small Cap Equity Pool
Harmony Overseas Equity Pool
Harmony Canadian Equity Pool
Harmony RSP U.S. Equity Pool
Harmony RSP Americas Small Cap Equity Pool
Harmony Canadian Fixed Income Pool
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 19th, 2002
Mutual Reliance Review System Receipt dated November 19th, 2002
Offering Price and Description:
Embedded Series Units
Underwriter(s) or Distributor(s):
Promoter(s):
-
Project #493055

Issuer Name:
Innergex Power Income Fund
Principal Regulator - Quebec
Type and Date:
Amended and Restated Preliminary Prospectus dated November 15th, 2002
Mutual Reliance Review System Receipt dated November 15th, 2002
Offering Price and Description:
$ * - * Trust Units @ $ * per Trust Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
TD Securities Inc.
CIBC World Markets Inc.
Desjardins Securities Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Promoter(s):
Innergex Management Inc.
Project #489423

Issuer Name:
Summit Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated November 18th, 2002
Mutual Reliance Review System Receipt dated November 18th, 2002
Offering Price and Description:
$75,000,006 - 5,067,568 Units @ $14.80 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Capital Corporation
Trilion Securities Corporation
Promoter(s):
-
Project #493939

Issuer Name:
United Grain Growers Limited
Principal Regulator - Manitoba
Type and Date:
Preliminary Short Form Prospectus dated November 13th, 2002
Mutual Reliance Review System Receipt dated November 13th, 2002
Offering Price and Description:
$100,000,000 - 9.00% Convertible Unsecured Subordinated Debentures due 2007
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
Wellington West Capital Inc.
Promoter(s):
-
Project #492531

Issuer Name:
Clarington Canadian Core Portfolio
Clarington U.S. Core Portfolio
Clarington Global Core Portfolio
Clarington Canadian Income Fund
Clarington Canadian Income Fund II
Clarington U.S. Growth Fund
Clarington Global Income Fund
Clarington RSP Global Income Fund
Clarington U.S. Mid-Cap Value Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated November 8, 2002 to Simplified Prospectus and Annual Information Form
dated July 23rd, 2002
Mutual Reliance Review System Receipt dated 13th day of November, 2002
Offering Price and Description:
Series A and B Units
Underwriter(s) or Distributor(s):
ClaringtonFunds Inc.
Promoter(s):
ClaringtonFunds Inc.
Project #460588

Issuer Name:
Emissary U.S. Value Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated November 14th, 2002 to Simplified Prospectus and Annual Information Form
dated March 1st, 2002
Mutual Reliance Review System Receipt dated 18th day of November, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
Opus 2 Securities Inc.
Promoter(s):
Opus 2 Securities Inc.
Project #414690

Issuer Name:
RBC Advisor Blue Chip Canadian Equity Fund
Royal Balanced Fund
Royal Balanced Growth Fund
Royal Canadian Equity Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated November 8th, 2002 to Simplified Prospectus and Annual Information Form
dated October 11th, 2002
Mutual Reliance Review System Receipt dated 13th day of November, 2002
Offering Price and Description:
Series A and F Units and Advisor Series Units
Underwriter(s) or Distributor(s):
Royal Mutual Funds Inc.
RBC Dominion Securities Inc.
Promoter(s):
RBC Funds Inc.
Project #479650

Issuer Name:
Royal Monthly Income Fund
Royal Balanced Fund
Royal Tax Managed Return Fund
Royal Balanced Growth Fund
Royal Global Balanced Fund
Royal Dividend Fund
Royal Canadian Value Fund
Royal Canadian Equity Fund
Royal Canadian Growth Fund
Royal U.S. Equity Fund
Royal Global Education Fund
Royal Global Titans Fund
Royal Global Financial Services Sector Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated November 8th, 2002 to Simplified Prospectus and Annual Information Form
dated July 16th, 2002
Mutual Reliance Review System Receipt dated 13th day of November, 2002
Offering Price and Description:
Series A and F Units
Underwriter(s) or Distributor(s):
Royal Mutual Funds Inc.
Promoter(s):
RBC Fund Inc.
Project #459378

Issuer Name:
Gateway Casinos Income Fund
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated November 14th, 2002
Mutual Reliance Review System Receipt dated 15th day of November, 2002
Offering Price and Description:
$105,670,000.00 - 10,567,000 Units @$10.00 per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Promoter(s):
Gateway Casinos Inc.
Project #486111

Issuer Name:
Qwest Energy II Limited Partnership
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated November 14th, 2002
Mutual Reliance Review System Receipt dated 14th day of November, 2002
Offering Price and Description:
$25,000,000 (Maximum Offering); $2,000,000 (Minimum Offering) - A maximum of 1,000,000 and a minimum of 80,000 Units @$25.00 per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Dundee Securities Corporation
TD Securities Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Wellington West Capital Inc.
Altara Securities Inc.
IPC Securities Corporation
Promoter(s):
Qwest Energy Corp.
Project #487326

Issuer Name:
TriOil Ltd.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated November 14th, 2002
Mutual Reliance Review System Receipt dated 15th day November, 2002
Offering Price and Description:
$2,000,000 to $4,000,000 - (4,444,500 Units, 4,000,000 Flow-Through Shares, or any Combination thereof)
(8,888,800 Units, 8,000,000 Flow-Through Shares, or any Combination thereof)
Underwriter(s) or Distributor(s):
Octagon Capital Corporation
Promoter(s):
Joseph M. Dutton
Robert M. Libin
Project #484968

Issuer Name:
AmeriCredit Canada Automobile Receivables Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated November 18th, 2002
Mutual Reliance Review System Receipt dated 18th day of November , 2002
Offering Price and Description:
$181,125,000 - AmeriCredit Canada Automobile 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:
CARS and PARS Programme of RBC Capital Markets
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated November 19th, 2002
Mutual Reliance Review System Receipt dated 19th day of November, 2002
Offering Price and Description:
Strip Coupons, Strip Residuals and Strip Packages (including packages of Strip Coupon and PARS) Derived by RBC Dominion Securities Inc. From up to Cdn$3,000,000,000 of Debt Obligations of Various Canadian Corporation and Trusts
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Promoter(s):
RBC Dominion Securities Inc.
Project #491774

Issuer Name:
DALSA Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated November 18th, 2002
Mutual Reliance Review System Receipt dated 18th day of November, 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:
Intrawest Corporation
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated November 18th, 2002
Mutual Reliance Review System Receipt dated 18th day of November, 2002
Offering Price and Description:
US $397,000,000 Intrawest Corporation - 1-.50% Senior Exchange Notes due February 1, 2010
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #491161

Issuer Name:
Merrill Lynch Financial Assets Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form PREP Prospectus dated November 15th, 2002
Mutual Reliance Review System Receipt dated 18th day of November, 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:
Trican Well Service Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated November 13th, 2002
Mutual Reliance Review System Receipt dated 14th day of November, 2002
Offering Price and Description:
$18,000,000.00 - 1,000,000 Common Shares @$18.00 per Common Share
Underwriter(s) or Distributor(s):
FirstEnergy Capital Corp.
Peters & Co. Limited
Sprott Securities Inc.
Promoter(s):
-
Project #490860

Issuer Name:
HSBC International Bond Pooled Fund
HSBC U.S. Equity Pooled Fund
HSBC International Equity Pooled Fund
HSBC Future Growth Pooled Fund
HSBC Canadian Money Market Pooled Fund
HSBC Small Cap Growth Pooled Fund
HSBC Canadian Equity Pooled Fund
HSBC Canadian Dividend Income Pooled Fund
HSBC Canadian Bond Pooled Fund
Principal Regulator - British Columbia
Type and Date:
Final Simplified Prospectus and Annual Information Form dated November 14th, 2002
Mutual Reliance Review System Receipt dated 14th day of November, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
HSBC Investment Funds (Canada) Inc.
Promoter(s):
-
Project #475028

Issuer Name:
ING Canadian Money Market Fund
ING Canadian Bond Fund
ING Canadian Balanced Fund
ING Canadian Equity Fund
ING Canadian Small Cap Equity Fund
ING US Equity Fund
ING US Equity RSP Fund
ING Global Equity Fund
ING Global Equity RSP Fund
ING Europe Equity Fund
ING Austral-Asia Equity Fund
ING Japan Equity Fund
ING Emerging Markets Equity Fund
ING Canadian Financial Services Fund
ING Canadian Resources Fund
ING Global Technology Fund
ING Global Communications Fund
ING Global Brand Names Fund
Ensemble Conservative Equity Portfolio
Ensemble Moderate Equity Portfolio
Ensemble Aggressive Equity Portfolio
Ensemble Conservative Equity RSP Portfolio
Ensemble Moderate Equity RSP Portfolio
Ensemble Aggressive Equity RSP Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated November 7th, 2002
Mutual Reliance Review System Receipt dated 13th day of November, 2002
Offering Price and Description:
Investor Class Units, Exclusive Class Units and Institutional Class Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #484377

Issuer Name:
Renaissance Canadian Money Market Fund
Renaissance Canadian T-Bill Fund
Renaissance U.S. Money Market Fund
Renaissance Canadian Bond Fund
Renaissance Canadian Dividend Income Fund
Renaissance Canadian High Yield Bond Fund
Renaissance Canadian Income Trust Fund
Renaissance Canadian Balanced Fund
Renaissance Canadian Balanced Value Fund
Renaissance Canadian Core Value Fund
Renaissance Canadian Growth Fund
Renaissance Canadian Small Cap Fund
Renaissance U.S. Basic Value Fund
Renaissance U.S. Fundamental Growth Fund
Renaissance U.S. RSP Index Fund
Renaissance Developing Capital Markets Fund
Renaissance Euro Fund
Renaissance International Growth Fund
Renaissance International Growth RSP Fund
Renaissance International RSP Index Fund
Renaissance Tactical Allocation Fund
Renaissance Tactical Allocation RSP Fund
Renaissance Global Growth Fund
Renaissance Global Growth RSP Fund
Renaissance Global Opportunities Fund
Renaissance Global Opportunities RSP Fund
Renaissance Global Sectors Fund
Renaissance Global Sectors RSP Fund
Renaissance Global Value Fund
Renaissance Global Value RSP Fund
Renaissance Global Technology Fund
Renaissance Global Technology RSP Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated November 8th, 2002
Mutual Reliance Review System Receipt dated 13th day of November, 2002
Offering Price and Description:
Class A and F Units @ Net Asset Value per Unit
Underwriter(s) or Distributor(s):
CIBC Securities Inc.
Promoter(s):
CM Investment Management Inc.
Project #484243

Issuer Name:
DJ 30 Diversification Corp.
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Prospectus dated May 14th, 2002
Withdrawn on November 19th, 2002
Offering Price and Description:
$ * Maximum - * Class A Shares @$25.00 per Class A Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Yorkton Securities Inc.
Promoter(s):
Mulvihill Capital Management Inc.
Project #447278

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

This page intentionally left blank

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	HSD Securities Inc. Attention: Bernard William Crotty 181 Bay Street Suite 3620 Toronto ON M5J 2T3	Limited Market Dealer	Nov 15/02
New Registration	RFA Capital Management Inc. Attention: Donald Hubert Rodney 141 Adelaide Street West Suite 278 Toronto ON M5H 3L9	Limited Market Dealer	Nov 18/02
New Registration	Watermark Capital Management Inc. Attention: Allan R. Peterson 409 Granville Street Vancouver BC V6C 1T2	Limited Market Dealer	Nov 19/02
Change of Name	Osprey Capital Partners Attention: Stephen R. Jakob 55 University Avenue Suite 1705 Toronto ON M5J 2H7	From: Poseidon Financial Partners To: Osprey Capital Partners	Sep 16/02
Change of Name	Pali Capital, Inc. Attention: Stanley Kugelmass 650 5th Avenue New York NY 10019 USA	From: Kelcop Financial, Inc. To: Pali Capital, Inc.	Oct 02/01
Change in Category (Categories)	Marret Asset Management Inc. Attention: Barry S. Allan 40 King Street West Suite 3910 Scotia Plaza Toronto ON M5H 3Y2	From: Investment Counsel & Portfolio Manager Commodity Trading Manager To: Limited Market Dealer Investment Counsel & Portfolio Manager Commodity Trading Manager	Nov 15/02
Change in Category (Categories)	AIM Funds Management Inc. Attention: Patrick J. P. Farmer 5140 Yonge Street Suite 900 Toronto ON M2N 6X7	From: Limited Market Dealer Investment Counsel & Portfolio Manager To: Limited Market Dealer Investment Counsel & Portfolio Manager Commodity Trading Manager	Nov 19/02

Type	Company	Category of Registration	Effective Date
Suspension of Registration	Tristone Capital Advisors Inc.	Limited Market Dealer	Nov 14/02
Suspension of Registration	C. Morgan Investment Counselling Inc.	Investment Counsel & Portfolio Manager	Nov 12/02
Suspension of Registration	Hueniken & Company Limited	Investment Counsel & Portfolio Manager	Nov 14/02
Voluntary Surrender of Registration	The Properties Group Ltd. Attention: Jules Sigler 100 Sparks St. Suite 500 Ottawa ON K1P 5B7	Limited Market Dealer	Nov 15/02

Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 Notice of Commission Approval – Approval of Amendments to IDA Regulation 100.2A and By-law 1 – Margin Requirements for Bonds with Embedded Options

AMENDMENTS TO IDA REGULATION 100.2A AND BY-LAW 1 – MARGIN REQUIREMENTS FOR BONDS WITH EMBEDDED OPTIONS

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved amendments to IDA Regulation 100.2A and By-law 1 regarding the margin requirements for bonds with embedded options. In addition, the Saskatchewan Securities Commission approved, the Alberta Securities Commission did not disapprove and the British Columbia Securities Commission did not object to these amendments. The purpose of the amendments is to establish specific capital and margin requirements for bonds with embedded options that are reflective of their market risk. A copy and description of these amendments were published on February 22, 2002 at (2002) 25 OSCB 1191. No comments were received.

13.1.2 IDA Discipline Penalties Imposed on Joseph C. Stauffer – Violation of By-law 19.5

Andrew P. Werbowski
Enforcement Counsel
(416) 943-5789

BULLETIN #3071
November 11, 2002

DISCIPLINE

DISCIPLINE PENALTIES IMPOSED ON JOSEPH C. STAUFFER – VIOLATION OF BY-LAW 19.5

Person Disciplined

The Ontario District Council of the Investment Dealers Association of Canada has disciplined Joseph C. Stauffer, at the relevant times a registered representative with RBC Dominion Securities Inc., a Member of the Association.

By-laws, Regulations, Policies Violated

The District Council found on September 30, 2002 that Mr. Stauffer had violated By-law 19.5. Penalty submissions were received on November 1, 2002.

Penalties Imposed

Following a penalty hearing on November 1, 2002, the Ontario District Council imposed a permanent prohibition on Mr. Stauffer's registration approval with any Member Firm of the Association. In addition, Mr. Stauffer is required to pay a $50,000 fine and $12,820 regarding costs incurred by the Association in the investigation and prosecution of this matter.

Facts

On August 21, 2002 a Notice of Hearing was issued alleging that Mr. Stauffer had violated By-Law 19.5 by failing to co-operate with an ongoing investigation. The matter was spoken to on September 30, 2002 at which time Mr. Stauffer's motion for "further particulars" of the matter being investigated was dismissed. The District Council adjourned the substantive hearing to November 1, 2002 to allow Mr. Stauffer to demonstrate his *bona fide* intention to co-operate with the investigation.

Subsequent to the September 30, 2002 hearing, documents requested by IDA staff were not produced and Mr. Stauffer did not attend for a scheduled interview. Mr. Stauffer did not attend to make submissions on November 1, 2002.

The District Council advised that written reasons regarding its decision would be forthcoming.

Kenneth A. Nason
Association Secretary

13.1.3 IDA Discipline Penalties Imposed on Barry Kasman – Violation of By-laws 17.1, 17.2,17.2A and 29.1, Regulations 1300.1, 1300.2 and Policy Nos. 2 and 3

Sharon Lane
Enforcement Counsel
(416) 865-3039

BULLETIN # 3074
November 19, 2002

DISCIPLINE

DISCIPLINE PENALTIES IMPOSED ON BARRY KASMAN – VIOLATION OF BY-LAWS 17.1, 17.2,17.2A AND 29.1, REGULATIONS 1300.1, 1300.2 AND POLICY NOS. 2 AND 3

Person Disciplined

The Ontario District Council of the Investment Dealers Association of Canada ("the Association") has imposed discipline penalties on Barry Kasman ("Mr. Kasman"), at the relevant times, Chairman, Chief Executive Officer ("CEO"), and Alternate Designated Person ("ADP") of Rampart Securities Inc. ("Rampart").

By-laws, Regulations, Policies Violated

On November 8, 2002, the Ontario District Council considered, reviewed and accepted a settlement agreement negotiated between Mr. Kasman and Association Staff.

Pursuant to the Settlement Agreement, Mr. Kasman admitted that he engaged in conduct unbecoming his positions, by failing to:

- ensure that Rampart was in compliance with Association Requirements pursuant to Association By-laws 17.1, 17.2 and 17.2A, Regulations 1300.1 and 1300.2 and Policy Nos. 2 and 3; and
- carry out his duties and responsibilities to ensure that Rampart fulfilled representations given to the Association to put into place and implement procedures to ensure compliance with Association requirements, contrary to By-law 29.1

Penalty Assessed

Mr. Kasman has agreed to the following penalties:

- Payment of a monetary fine in the amount of $200,000.00;
- Mr. Kasman will never seek approval for registration for employment by a Member of the Association for any position with regulatory compliance or regulatory supervisory responsibilities.

Summary Of Facts

Mr. Kasman was registered as Rampart's Chairman and Chief Executive Officer ("CEO") from 1997 to October 18, 1999 and as Alternate Designated Person ("ADP") from 1997 to approximately November 23, 1999.

In accordance with the terms of Mr. Kasman's employment contract with Rampart, as Chairman and CEO, between January 1, 1997 and June 1, 1998, he was to have managing control of the business and affairs of Rampart. After June 1, 1998, managing control was shared with other senior officers of Rampart.

As Chairman, CEO and a member of the Executive Committee, Mr. Kasman was primarily responsible along with other senior officers and directors of Rampart for:

a) ensuring that all registered positions with the Association were filled; and

b) ensuring adequate internal control of Rampart by establishing and maintaining policies and procedures and taking reasonable steps to ensure that Rampart compliance staff and employees implemented such policies.

As ADP, Mr. Kasman was ultimately obligated, in the absence of a registered UDP, to ensure that the policies and procedures for the opening of new accounts were follow and the supervision of account activity, including the establishment and maintenance of procedures for account supervision, as prescribed by Association Regulation 1300.2 and Policy 2.

In 1997,1998 and 1999, the Association conducted Sales Compliance Reviews of Rampart. In each of these reviews, the Association found repeated failures in Rampart's sales compliance systems. These deficiencies were reported to Rampart and the Association provided a written report after each review outlining the repeated and additional deficiencies.

The 1997, 1998 and 1999 Sales Compliance Reviews informed Rampart that the reviews had revealed significant failures in Rampart's compliance systems resulting in unwarranted risks to its clients. These failures included, *inter alia*, high levels of suitability issues which appeared to be either undetected or unaddressed, failure to fully conduct the daily and monthly reviews, allowance of futures clients to trade beyond their loss limits and the acceptance of documents and authorizations without checking clients' signatures. In addition, there had been no designation of officer or director for Rampart registered as UDP between September 1998 and November 1999, to be ultimately responsible for the opening of new accounts and the supervision of account activity and deficiencies within Rampart's Internal Policies and Procedures Handbook. Rampart was further notified in 1998 that these matters had been referred to the Enforcement Division of the Association for investigation.

In 1997, 1998 and 1999, the Association conducted Financial Compliance Reviews of Rampart. The results were reported to Rampart and the Association provided a written report to Rampart after each review outlining the regulatory deficiencies.

In particular, in 1997, 1998 and 1999, the Association determined that Rampart failed to design, establish, oversee and implement an effective financial compliance program to ensure proper compliance with regulatory requirements regarding maintenance of adequate risk adjusted capital, monitoring of regulatory capital and reliability of financial reporting. The Association had confirmed periods of capital deficiency (January 1997, January 1999, and September, October and November 1999) and expressed serious concerns about Rampart's lack of controls over the accounting and regulatory reporting functions, in particular the credit control and reconciliation functions.

Mr. Kasman, as Chairman, CEO, and ADP for the periods noted above, was or ought to have been aware of the regulatory deficiencies described above and where he was aware of such deficiencies, he failed to exercise his authority to rectify the deficiencies. Acting within the scope of his authority, he:

a. failed to exercise his authority to ensure that all necessary policies and procedures were in place to ensure that officers and employees of Rampart were aware of their respective regulatory responsibilities and effectively implementing such policies and procedures;

b. failed to ensure that individuals were assigned to all registered supervisory positions at Rampart; and as ADP, from September 1998 through November 1999, the Respondent failed to exercise the necessary due diligence to fulfill the function of UDP, in the absence of such registration with the Association;

c. failed to exercise the necessary due diligence to follow-up adequately to ensure that representations provided to the Association to put into place and implement procedures to ensure compliance with Association requirements were fulfilled; and

d. exercised conduct unbecoming by continuing to hold each of his registered positions after he recognized that he was unable to fulfill the mandate and responsibilities of such positions.

Kenneth A. Nason
Association Secretary

13.1.4 Discipline Pursuant to IDA By-law 20 - Barry Kasman - Settlement Agreement

IN THE MATTER OF
DISCIPLINE PURSUANT TO BY-LAW 20
OF THE INVESTMENT DEALERS ASSOCIATION
OF CANADA

RE: BARRY KASMAN

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 Barry Kasman (the "Respondent").

2. The Investigation discloses matters for which the District Council of the Association (the "District Council") may penalize the Respondent by imposing 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 the acceptance of the District Council, in accordance with By-Law 20.26. The District Council may also impose a lesser penalty or less onerous terms than those provided in this Settlement Agreement, or, with the consent of the Respondent, it may also impose a penalty or terms more onerous than those provided by this Settlement Agreement.

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 Respondents, 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, Staff will be entitled to withdraw this Settlement Agreement from consideration by the District Council.

III. STATEMENT OF FACTS

7. Solely for the purposes of this proceeding and of any other proceeding commenced by a securities regulatory agency, Staff and the Respondent agree with the facts as set out in this Settlement Agreement.

Rampart Securities Inc.

8. Formerly Rampart Securities Inc. ("Rampart") was a wholly owned subsidiary of Rampart Mercantile Inc. ("Rampart Mercantile"), a company that traded on the Canadian Venture Exchange ("CDNX"). Rampart was operated previously under the name of Merit Investment Corporation ("Merit"). Merit was a member of the Toronto Stock Exchange and became a member of the Association with the amalgamation of member regulation responsibility in 1997. In 1997 Merit changed its name to Rampart. Rampart and its predecessor companies are referred to as Rampart within this Settlement Agreement. At all material times, Rampart was a Member of the Association.

The Respondent

9. The Respondent was registered as Rampart's Chairman and Chief Executive Officer ("CEO") from 1997 to October 18, 1999 and as Alternate Designated Person ("ADP") from 1997 to approximately November 23, 1999.

Sales Compliance Reviews in 1997, 1998 and 1999

10. In 1997, 1998 and 1999, the Association conducted Sales Compliance Reviews of Rampart. In each of these reviews, the Association found repeated failures in Rampart's sales compliance systems. These deficiencies were reported to Rampart and the Association provided a written report after each review outlining the repeated and additional deficiencies.

11. The 1997, 1998 and 1999 Sales Compliance Reviews informed Rampart that the reviews had revealed significant failures in Rampart's compliance systems resulting in unwarranted risks to its clients. These failures included, *inter alia*, high levels of suitability issues which appeared to be either undetected or unaddressed, failure to fully conduct the daily and monthly reviews, allowance of futures clients to trade beyond their loss limits and the acceptance of documents and authorisations without checking clients' signatures. In addition, there had been no designation of officer or director for Rampart registered as UDP between September 1998 and November 1999, to be ultimately responsible for the opening of new accounts and the supervision of account activity and deficiencies within Rampart's Internal Policies and Procedures Handbook. Rampart was further notified in 1998 that these matters had been referred to the Enforcement Division of the Association for investigation.

Financial Compliance and Regulatory Capital in 1997, 1998 and 1999

12. In 1997, 1998 and 1999, the Association conducted Financial Compliance Reviews of Rampart. The results were reported to Rampart and the Association provided a written report to Rampart after each review outlining the regulatory deficiencies.

13. In particular, in 1997, 1998 and 1999, the Association determined that Rampart failed to design, establish, oversee and implement an effective financial compliance program to ensure proper compliance with regulatory requirements regarding maintenance of adequate risk adjusted capital, monitoring of regulatory capital and reliability of financial reporting. The Association had confirmed periods of capital deficiency (January 1997, January 1999, and September, October and November 1999) and expressed serious concerns about Rampart's lack of controls over the accounting and regulatory reporting functions, in particular the credit control and reconciliation functions.

The Respondent's Responsibilities

14. In accordance with the terms of the Respondent's employment contract with Rampart, as Chairman of the Board and CEO, between January 1, 1997 and June 1, 1998, the Respondent was to have managing control of the business and affairs of Rampart.

15. On June 1, 1998, the respondent's employment contract was amended such that the Respondent, along with other senior officers of Rampart were to have managing control of the business and affairs of Rampart.

16. As Chairman, CEO and a member of the Executive Committee, the Respondent was primarily responsible along with other senior officers and directors of Rampart for ensuring adequate internal control of Rampart by establishing and maintaining policies and procedures to comply with the Association's Internal Control Policy Statements, as prescribed by Association Policy 3. In addition, it was the responsibility of such senior officers and directors to take reasonable steps to ensure that Rampart compliance staff and employees implemented such policies.

17. As Rampart's Chairman and CEO and a member of the Executive Committee during the time periods noted above, the Respondent had a responsibility along with other senior officers and directors of Rampart, to ensure that all registered positions with the Association were filled.

18. As ADP, the Respondent was ultimately obligated, in the absence of a registered UDP, to ensure that the policies and procedures for the opening of new accounts were followed and the supervision of account activity, including the establishment and maintenance of procedures for account supervision, as prescribed by Association Regulation 1300.2 and Policy 2.

Rampart's Contraventions

19. Pursuant to an Order of the Ontario Superior Court of Justice dated October 24, 2002, Rampart was thereafter administered by a trustee pursuant to Part XII of the *Bankruptcy and Insolvency Act*.

20. At a disciplinary hearing on January 21, 2002, which the trustee for the estate of Rampart did not oppose, the Ontario District Council found that Rampart committed the following violations for the time periods from 1997 through 2001:

    a. Rampart engaged in conduct unbecoming a Member, contrary to Association By-Law 29.1 by:

        1) failing to design, establish, oversee and implement effective sales and financial compliance programs; and

        2) failing to ensure that Rampart fulfilled representations provided to the Association to put into place and carry out procedures to ensure compliance with Association requirements;

    b. Rampart contravened Association Regulation 1300.2 by:

        1) failing to establish and maintain a supervisory environment in accordance with Association Policy No. 2, and

        2) failing to ensure that accounts were properly opened and supervised as required by Association Policy No.2;

    c. Rampart contravened Association By-law 17.2 by failing to keep and maintain a proper system of books and records;

    d. Rampart contravened Association By-law 17.2A by failing to establish and maintain internal controls in Accordance with Association Policy No. 3;

    e. Rampart contravened Association By-law 17.1 during the months of January 1997, January, March, September, October and

November, 1999, February and August, 2000 and March to May, 2001, by failing to maintain its risk-adjusted capital greater than zero;

f. Rampart contravened Association Policy No. 3 by failing to continuously monitor its capital position to ensure that the Risk Adjusted Capital was maintained as prescribed by Association requirements.

The Respondent

21. The Respondent, as Chairman, CEO, and ADP for the periods noted above, was or ought to have been aware of the regulatory deficiencies described above in Section III and, where he was aware of such deficiencies, he failed to exercise his authority to rectify the deficiencies. Acting within the scope of his authority, he:

a. Failed to exercise his authority to ensure that all necessary policies and procedures were in place to ensure that officers and employees of Rampart were aware of their respective regulatory responsibilities and effectively implementing such policies and procedures; and

b. Failed to ensure that individuals were assigned to all registered supervisory positions at Rampart; and as ADP, from September 1998 through November 1999, the Respondent failed to exercise the necessary due diligence to fulfill the function of UDP, in the absence of such registration with the Association; and

c. Failed to exercise the necessary due diligence to follow-up adequately to ensure that representations provided to the Association to put into place and implement procedures to ensure compliance with Association requirements were fulfilled; and

d. exercised conduct unbecoming by continuing to hold each of his registered positions and responsibilities thereunder after he recognized that he was unable to fulfill the mandate and responsibilities of such positions as recognized in paragraphs 14 through 18.

IV. CONTRAVENTIONS

22. As a consequence of the acts and omissions referred to in paragraph 31 above, the Respondent engaged in conduct unbecoming his positions, by failing to:

a. ensure Rampart was in compliance with Association Requirements pursuant to Association By-laws 17.1, 17.2, 17.2A, Regulation 1300.1, 1300.2 and Policy Nos. 2 and 3;

b. carry out his duties and responsibilities to ensure that Rampart fulfilled representations given to the Association to put into place and implement procedures to ensure compliance with Association requirements, contrary to By-law 29.1

V. ADMISSION OF CONTRAVENTIONS AND FUTURE COMPLIANCE

23. The Respondent admits contravening the By-laws, Regulations and Policies of the Association set out in Section IV of this Settlement Agreement. The Respondent acknowledges his responsibility to comply with the By-laws, Regulations and Policies of the Association.

VI. PENALTIES AND TERMS

24. The Respondent and Staff agree to the imposition of discipline penalties by Association pursuant to this Settlement Agree as follows.

a. a fine in the amount of $200,000.00 (two hundred thousand dollars and zero cents), inclusive of the Association's costs; and

b. the Respondent will never seek approval for registration for employment by a Member of the Association for any position with regulatory compliance or regulatory supervisory responsibilities.

VII. EFFECTIVE DATE

25. 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.

VIII. WAIVER

26. If this Settlement Agreement becomes effective and binding, the Respondent hereby waives his right to a hearing under the As 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.

IX. STAFF COMMITMENT

27. If this Settlement Agreement becomes effective and binding, Staff will not proceed with disciplinary proceedings against the Respondent herein under Association By-laws in relation to the facts set out in Section III of the Settlement Agreement.

X. PUBLIC NOTICE OF DISCIPLINE PENALTY

28. 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.

XI. EFFECT OF REJECTION OF SETTLEMENT AGREEMENT

29. 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 the Respondent, in the City of Toronto, in the Province of Ontario, this "8th" day of "November", 2002.

"Ari Kulidjian"
Witness

"Barry Kasman"
Barry Kasman

AGREED TO by Staff at the City of Toronto, in the Province of Ontario, this "8th" day of "November", 2002.

"Sharon Lane"
Witness

"Jeff Kehoe"
Jeffrey Kehoe
Director of Enforcement Litigation, Enforcement Department, on behalf of Staff of the Investment Dealers Association of Canada

ACCEPTED by the Ontario District Council of the Investment Dealers Association of Canada, at the City of Toronto, in the Province of Ontario, this "8th" day of "November", 2002.

Investment Dealers Association of Canada
(Ontario District Council)

Per: "Fred Kaufman", chairperson
Per: "David W. Kerr"
Per: "Michael Walsh"

13.1.5 Request for Comments - TSX Proposed Market-On-Close System

REQUEST FOR COMMENTS
THE PROPOSED MARKET-ON-CLOSE SYSTEM

On October 2, 2002, the Board of Directors of the Toronto Stock Exchange ("TSX" or the "Exchange") approved amendments to the Rules and Policies of the Exchange which would permit the Exchange to implement a new process for the entry and execution of market-on-close orders for the Exchange (the "MOC System").

The MOC System is designed to address concerns regarding increased volatility at the close of the continuous market and the limited opportunities for direct participation by market participants in trading at the close. A MOC order is an order for the purchase or sale of a security entered on the Exchange on a trading day for the purpose of executing at the last sale price of the security on that trading day.

An initial MOC System was published for comment by the Ontario Securities Commission on June 28, 2002 (the "Initial MOC System"). In total, 8 organizations responded to the proposal. A list of the commenters, as well as a summary of their comments, is included as Appendix "B" attached hereto. Although a majority of the commenters support the introduction of a MOC facility at TSX, a number of commenters did not support the model as proposed as a means to reduce the volatility at the close (the "Close") of the Regular Session and to broaden the participation of market participants in trading at the Close. To address such concerns, TSX Staff has consulted extensively with the commenters, other industry participants and Market Regulation Services Inc. ("RS") staff to develop a revised MOC model as described herein.

Overview

The proposed changes to the Rules of the Exchange include the introduction of:

- a separate MOC book (the "MOC Book") that will run in parallel to the continuous market. MOC Orders for certain eligible securities (initially, MOC Orders will only be accepted on the S&P TSX 60 stocks ("MOC Securities ")) may be entered in the MOC Book between 7:00 a.m. and 3:40 p.m.

- MOC Orders in the MOC Book as at 3:40 p.m. will be used to calculate the MOC imbalance, which will be disseminated to the trading community. Between 3:40 and 4:00 p.m., the MOC Book will be open to order entry of limit priced orders but only on the contra side of the MOC Imbalance.

- The MOC Book will be integrated with the continuous market book (the "Continuous Market Book") at approximately 4:00 p.m.

- a closing call, will immediately follow the combination of the Continuous Market Book and the MOC Book at 4:00 p.m.

Market participants will continue to have the option of entering orders directly in the Special Trading Session ("Special Trading Session Orders"). However, Special Trading Session Orders may not be entered prior to the opening of the Special Trading Session.

The primary changes that have been made to the Initial MOC System are as follows:

- The revised MOC model does not include a closing auction period.

- The MOC imbalance is broadcast only once at 3:40 p.m. and is not continually updated until 4:00 p.m. as under the Initial MOC System.

- The acceptance of blind limit orders in the MOC Book for imbalance offsetting liquidity.

- The revised MOC model incorporates broader volatility parameters as compared to the Initial MOC System.

- XIU's have not been included as a MOC-eligible security under the revised MOC model.

- No random close.

In order to implement the MOC System, the Exchange proposes to introduce amendments to certain of the Rules and Policies of the Exchange as discussed herein. The text of the proposed amendments is attached hereto as Appendix "A". The amendments will be effective upon approval by the Ontario Securities Commission (the "Commission") following public notice and comment. Comments on the proposed amendments should be delivered within 30 days of the date of this notice to:

Leonard P. Petrillo
Vice President, General Counsel and Secretary
TSX Group
The Exchange Tower
2 First Canadian Place
Toronto, Ontario M5X 1J2
Fax: (416) 947-4461
e-mail: leonard.petrillo@tsx.ca

A copy should also be provided to:

Manager, Market Regulation
Capital Markets Branch
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8
Fax: (416) 593-8240
e-mail: cpetlock@osc.gov.on.ca

TSX cannot maintain confidentiality of submissions given that the Canadian securities regulatory authorities may require the publication of a summary of written comments received during the comment period.

Description of the Proposed MOC System

1. MOC Securities

Initially, MOC Securities will include only the S&P TSX 60 stocks. However, following an evaluation period, the list of MOC Securities may be expanded to include other securities listed on the Exchange. The Exchange may, in its discretion, add additional stocks to the list of MOC Securities as appropriate.

2. Participants

All Participating Organizations ("POs") and eligible clients ordinarily permitted to access the trading system will be permitted to enter MOC Orders as described below. MOC Orders may be entered in the MOC Book via existing vendor trade station terminals.

3. Minimum Order Size

A MOC Order may be entered only for a board lot or an integral multiple of a board lot of a MOC Security.

4. Order Type Restrictions

MOC Orders will be restricted to orders for regular settlement. Jitney orders and short sales may be entered but must be marked appropriately. MOC Orders may be entered using the voluntary attribution choices feature. MOC Orders will only trade at the close when the calculated closing price is established. MOC imbalance offsetting orders entered during the MOC imbalance reduction period between 3:40 p.m. and 4:00 p.m. or the price movement extension period as described below will be flagged as MOC. These orders will be removed from the Continuous Market Book and MOC Book after the closing call is completed.

5. MOC Book

The Exchange proposes to introduce a separate MOC Book that will run in parallel to the Continuous Market Book. MOC Orders may be entered in the MOC Book from 7:00 a.m. to 3:40 p.m. Only market priced MOC Orders may be entered during this period and orders will be recorded in time priority. Orders in the MOC Book may be cancelled until 3:40 p.m. Orders in the MOC Book will not be publicly disseminated. The ability to enter market priced MOC Orders in the MOC Book is designed for participants concerned primarily about obtaining a fill at the last sale price.

6. MOC Imbalance Broadcast and Reduction

At 3:40 p.m., the Exchange proposes to introduce a MOC imbalance broadcast and an opportunity to offset the imbalance. MOC Orders in the MOC Book as at 3:40 p.m. will be used to calculate the MOC imbalance (the "MOC Imbalance"), which will

be disseminated to the trading community. Between 3:40 p.m. and 4:00 p.m., the MOC Book will be open to order entry of limit priced orders but only on the contra side of the MOC Imbalance. These offsetting limit orders will be marked as MOC.

Between 3:40 p.m. and 4:00 p.m., only Trading Services has the ability to cancel any MOC Orders in the MOC Book. Offsetting limit orders in the MOC book may be cancelled by the trader up to 4:00 p.m.

Between 7:00 a.m. and 4:00 p.m., there is no interaction between the MOC Book and the Continuous Market Book.

7. Calculated Closing Price

All orders in the MOC book, both MOC Orders and offsetting limit orders, will be combined with the orders in the Continuous Market Book to derive the calculated closing price ("CCP"). The CCP will be calculated in a manner similar to the calculation of the calculated opening price.

If there are no orders for a particular MOC Security entered in the MOC Book, or there is no MOC Imbalance for that MOC Security, the CCP for the MOC Security will be the last sale price (board lot) on the Exchange in the Regular Session.

8. Closing Call

The Closing Call will be executed immediately following the close of the Continuous Market Book and MOC Book. Orders will be matched at the final CCP.

MOC Securities may be automatically delayed from participation in the Closing Call if the CCP has moved outside of set volatility parameters. An automatic delay will be initiated if the CCP is greater than 10% from the VWAP of the last 20 minutes of trading in the Regular Session or the last sale price during the Regular Session. The delay will continue for a 5-minute period. If after the 5 minute price movement extension period, the CCP is still greater than 10% but less then 20% from such VWAP or the last sale price during the Regular Session, the security will close at the CCP. If the CCP exceeds 20% from such VWAP or the last sale price during the Regular Session, then the MOC will be cancelled for such security, MOC orders that can be paired will be matched at the last (board lot) sale price from the continuous market, and all other orders marked MOC will be cancelled (including market and limit MOC orders).

9. Allocation

Orders will be executed in the Closing Call based on the following allocation:

- MOC Orders will trade first with other MOC Orders in time priority. However, consistent with the trading algorithm in the continuous market and the Special Trading Session, unintentional crosses will trade first, although unattributed orders will not seek out unintentional crosses.

- Remaining MOC Orders will then trade with limit priced orders from the continuous market and MOC books in time priority. Again, unintentional crosses will trade first, although unattributed orders will not seek out unintentional crosses.

- Finally, limit priced orders from the continuous market and MOC books will trade in time priority. Again, unintentional crosses will trade first, although unattributed orders will not seek out unintentional crosses.

If a MOC Order does not trade or is only partially filled during the Closing Call, the unfilled balance will be killed. This will prevent information leakage as to the size, price and identity of the order. Similarly, if a limit priced offsetting order entered in the MOC Book is partially filled or does not trade at all, then the unfilled balance is killed.

10. Special Trading Session

For MOC Securities, the Special Trading Session will begin at 4:10 p.m. and will continue until 5:00 p.m., as is currently the case. The Special Trading Session period for cancellation (extended hours cancel) for MOC Securities will take place between 4:00 p.m. and 4:10 p.m. For MOC eligible securities that experience a price movement extension, the period for cancellation will occur between 4:05 p.m. to 4:10 p.m. All MOC Orders that do not trade at the end of the Closing Call will be terminated.

Trades in the Special Trading Session and for index rebalancing will be at the last sale price for each security. The Exchange proposes that the last sale price for MOC Securities will be the final CCP and the last sale price for other securities will be the price of the last sale on the Exchange during the Regular Session.

Other than as noted above, the rules for trading in the Special Trading Session (including with respect to the submission of crosses) will be unchanged.

11. Reports

The system will generate a STAMP Match Report for all trades at the conclusion of the Closing Call. These trades will then be validated by the TSX trading engine. Trade notifications will then be sent through the STAMP gateway to all order originators. The trade information will also be disseminated to official TSX feeds (TBF, TL1 and TL2). However, since MOC trades may be unattributed, the trade reports will have an unattributed broker number, i.e. 001 and contain only public information (e.g. symbol, volume, price and a MOC trade marker).

Information on unattributed trades, including private information, will be made available to designated brokers through a STAMP query at the end of the Closing Call. POs will be responsible for building access to the STAMP trade query in order to access this information.

12. Registered Traders

Registered Traders (RTs) will have no direct obligations in the proposed MOC Order entry and execution process and will not be entitled to RT participation. However, RTs will receive trading fee rebates for trades in their securities of responsibility.

13. Must-Be-Filled (MBF) Session

There will be no change to the current timing and process for the MBF session.

14. Implementation

Implementation is anticipated for the second quarter, 2003.

Discussion of Proposed Amendments

The amendments to the Rules and Policies of the Exchange in order to implement the proposed MOC System are set out in Appendix "A" hereto. Division 9 of Part 4 of the Rules of the Exchange currently governs trading in the Special Trading Session. The Exchange proposes to amend Division 9 so that it governs the Special Trading Session and the MOC System. The Exchange also proposes to add a number of new definitions to Rule 1-101(2) and to amend the normal course issuer bid "prohibited purchases" section of Policy 6-501.

Harmonization with the Universal Market Integrity Rules for Canadian Marketplaces ("UMIR")

UMIR contemplates the existence of "Market-on-Close Orders" which have been defined as "an order for the purchase or sale of a security entered on a marketplace on a trading day for the purpose of executing at the closing price of the security on that marketplace on that trading day." If an order is received prior to closing, the price at which the order will trade will not be known at the time the order is received. For these reasons, UMIR provides exemptions for Market-on-Close Orders from restrictions on short selling, best price obligations, exposure of client orders and client-principal trading. The UMIR definition is broad enough to include both market and limit priced MOC Orders.

The draft version of UMIR published on October 12, 2001 as part of the application of RS to be recognized as a self-regulatory organization contained a provision which would have exempted principal and non-client orders that were Market-on-Close Orders from the application of the client priority rule. However, this proposed exemption was not carried forward into the final version of UMIR. Accordingly, under existing Rule 5.3 of UMIR, a Participant that has principal or non-client orders filled as MOC Orders may, in certain circumstances, be subject to the requirement to provide a reallocation of the fill of the order to client orders that may have been entered either as Market-on-Close Orders or in the continuous market. The reallocation obligation would arise where the client order had not been immediately entered upon receipt onto a marketplace. The Exchange understands that RS has received approval from its Board of Directors to propose the exemptions from the client priority rule for principal and non-client orders entered as "Market-on-Close Orders". If necessary, the Exchange will seek a formal exemption from RS on behalf of its POs from the requirement to comply with the client priority rule for principal and non-client orders entered as "Market-on-Close Orders".

Public Interest Assessment

The proposed MOC System is designed to address concerns regarding increased volatility at the close of the continuous market and the limited opportunities for direct participation by market participants in trading at and following the close. The MOC System is the result of extensive public consultation and comment. The Exchange believes that the proposed MOC system will:

- Reduce volatility and market impact costs at the close of the continuous market by allowing MOC Orders to be entered separately and by providing an orderly management of MOC Orders.

- Attract liquidity and ensure better price discovery.
- Enable a broad range of market participants to participate in an orderly and fair process for setting the closing price.
- Provide an accurate reflection of end-of-day value based on supply and demand.

For these reasons, the Exchange believes that introducing the proposed MOC System is in the best interests of the Canadian capital markets.

The Exchange believes that under the terms of the protocol between the Exchange and the Ontario Securities Commission (the "Commission"), the proposed amendments to the Rules and Policies of the Exchange would be considered "public interest" in nature. The amendments would, therefore, only become effective following public notice, a comment period and the approval of the Commission.

Questions

Questions concerning this notice should be directed to Leonard P. Petrillo, Vice President, General Counsel and Secretary, at (416) 947-4514.

APPENDIX "A"

THE RULES

OF

THE TORONTO STOCK EXCHANGE INC.

The Rules of The Toronto Stock Exchange are hereby amended as follows:

1. Rule 1-101(2) shall be amended to amend or add the following definitions:

"Book" means the electronic file of committed orders for listed securities but does not include the MOC Book.

"Calculated closing price" means the closing price for MOC Securities calculated in the manner prescribed by the Board.

"Closing Call" means the time at which the Book and the MOC Book are combined to derive the calculated closing price.

"Last Sale Price" means in respect of a MOC Security, the calculated closing price and in respect of any other listed security, the last sale price of the security on the Exchange in the Regular Session.

"MOC Book" means the electronic file that holds MOC Orders entered between 7:00 a.m. and 4:00 p.m.

"MOC Imbalance" means the difference between MOC Orders to buy and MOC Orders to sell MOC Securities, calculated in the manner determined by the Exchange.

"MOC Market Order" means an order for the purchase or sale of a MOC Security entered in the MOC Book on a Trading Day for the purpose of executing at the Last Sale Price of the security on that Trading Day, but does not include a Special Trading Session Order.

"MOC Limit Order" means an order for the purchase or sale of a MOC Security entered on a Trading Day for the purpose of executing at the Last Sale Price of the security on that Trading Day, provided that the Last Sale Price does not exceed a specified maximum price or fall below a specified minimum price, but does not include a Special Trading Session Order.

"MOC Order" includes a MOC Market Order and a MOC Limit Order.

"MOC Securities" means securities in respect of which MOC Orders may entered as designated by the Exchange from time to time.

2. Division 9 of Part 4 of the Rules of the Exchange shall be deleted and the following substituted:

DIVISION 9 - SPECIAL TRADING SESSION AND MARKET ON CLOSE

Rule 4-901 Special Trading Session

1. All listed securities shall be eligible for trading during the Special Trading Session, provided that a MOC Security shall not be eligible for trading until the completion of the Closing Call in respect of that MOC Security.

2. All transactions in the Special Trading Session shall be at the Last Sale Price for each security.

3. Except as otherwise provided, the normal rules of priority and allocation and all other Exchange Requirements shall apply to the Special Trading Session.

Rule 4-902 Market-On-Close

1. Eligible Securities

MOC Orders may only be entered for MOC Securities.

2. Board Lots

A MOC Order must be for a board lot or an integral multiple of a board lot of a MOC Security.

3. MOC Order Entry

(a) MOC Market Orders may be entered in the MOC Book from 7:00 a.m. until 3:40 p.m. on each Trading Day.

(b) The MOC Imbalance is calculated at 3:40 p.m. on each Trading Day.

(c) Following the broadcast of the MOC Imbalance until 4:00 p.m. on each Trading Day, MOC Limit Orders may be entered in the MOC Book on the contra side of the MOC Imbalance.

4. Closing Call

(a) The Closing Call shall occur on each Trading Day immediately following the combination of the Book and the MOC Book.

(b) Orders shall execute in the Closing Call in the following sequence:

(i) MOC Orders shall trade with offsetting MOC Orders entered by the same Participating Organization, according to time priority, provided that neither order is an unattributed order; then

(ii) MOC Orders shall trade with offsetting MOC Orders, according to time priority; then

(iii) MOC Orders shall trade with offsetting limit orders in the Closing Call entered by the same Participating Organziation, according to time priority, provided that neither order is an unattributed order; then

(iv) MOC Orders shall trade with offsetting orders in the Closing Call, according to time priority; then

(v) Limit orders in the Closing Call shall trade with offsetting limit orders in the Closing Call entered by the same Participating Organization, according to time priority, provided that neither order is an unattributed order; then

(vi) Remaining orders in the Closing Call shall trade according to time priority.

(c) An order for a MOC Security shall not execute if, at the Close:

(i) An automatic closing delay has been initiated in the MOC Security because the calculated closing price exceeds the volatility parameters prescribed by the Exchange; or

(ii) the participation of the MOC Security has been otherwise delayed by a Market Surveillance Official.

5. Unfilled Orders

(a) All MOC Orders that are not completely filled in the Closing Call shall be expire at the end of the closing call and will be removed from the Book.

(b) All other orders, that are not marked as MOC, that are not completely filled in the Closing Call shall be eligible for trading in the Special Trading Session.

6. Application of Exchange Requirements

(a) Except as otherwise provided in this Rule, all Exchange Requirements shall apply to the entry and execution of MOC Orders.

THIS RULE AMENDMENT MADE this 2nd day of October, 2002 to be effective immediately.

"Wayne Fox"
Wayne C. Fox, Chair

"Leonard Petrillo"
Leonard P. Petrillo, Secretary

THE POLICIES

OF

THE TORONTO STOCK EXCHANGE INC.

The Policies of The Toronto Stock Exchange are hereby amended as follows:

1. Policy 6-501(9)1 is amended by inserting "or in the Closing Call" after the phrase "or the POSIT Call Market"

THIS POLICY AMENDMENT MADE this 2nd day of October, 2002 to be effective immediately.

"Wayne Fox"
Wayne C. Fox, Chair

"Leonard Petrillo"
Leonard P. Petrillo, Secretary

APPENDIX "B"

List of Commenters

1. BMO Nesbitt Burns
2. Barclays Global Investors ("Barclays")
3. Canadian Securities Traders Association ("CSTA")
4. Ontario Teachers' Pension Plan Board ("OTPPB")
5. RBC Capital Markets
6. Registered Traders' Group ("RTG")
7. Scotia Capital
8. TD Newcrest Inc. ("TD Newcrest")

Summary of Comment Letters

Capitalized terms used herein are as defined in the proposed Market-on-Close System that was published for comment in the Ontario Securities Commission Bulletin dated June 28, 2002.

ISSUE AND COMMENTER	PUBLIC COMMENT	TSX RESPONSE
A. GENERAL		
The Need For A TSX MOC Facility		
Barclays, CSTA, OTPPB and RTG	TSX should adopt a MOC facility. However, for a number of reasons outlined below, the commenters do not support the proposed MOC System as a means to reduce volatility at the close and broaden the participation of market participants in trading at the close.	In response to comments received with respect to the originally proposed MOC System, TSX staff have met extensively with commenters and other market participants to develop a revised MOC model. TSX believes that the revised MOC facility will significantly reduce volatility at the close and broaden the participation of market participants in trading at the close.
BMO Nesbitt Burns	A separate MOC facility is not required to reduce volatility at the close. Many market participants structure their own MOC trades outside of the official MOC facility. In this regard, a MOC facility may actually misrepresent the true supply and demand of MOC orders since it does not record all MOC activity. An increased disclosure system should be implemented whereby all MOC activity would be reported to TSX, and then subsequently disseminated to the marketplace without an official MOC closing session. The commenter further believes that, due to the uncertainty of the impact of the proposed MOC System on the determination of closing prices, much of the hedging activity related to MOC orders will migrate to the MOC session in the final seconds before the close thereby increasing volatility. Also believes that the proposed MOC System does not address the two main factors contributing to volatility – unexpected supply and demand imbalances in the market and securities that are illiquid and not widely held.	Consistent with other world markets, TSX believes that the adoption of a MOC facility is key to establishing an accessible, fair and efficient method of closing at TSX. Many market participants have long advocated the need for a MOC facility, and have identified the inadequacies of the current “last sale” methodology for determining closing prices which is often arbitrarily based on the market participant with the “fastest fingers” who is able to successfully place an order in the final few seconds before the close. TSX believes that the revised MOC model will establish a more accessible and effective means of establishing closing prices, the effect of which will be to increasingly draw MOC orders into the system. Further, TSX is of the view that unexpected supply and demand imbalances in the market will be better accommodated under TSX’s revised MOC model than exists today under the current closing model. The proposed MOC facility will provide market participants with equal access to market information, as well as equal access to participate in the resolution of any MOC imbalance. Accordingly, we believe that unexpected supply and demand imbalances will be better accommodated under the revised MOC System. The revised MOC facility is initially limited to those securities included in the S&P TSX 60 (XIUs have not been included as originally proposed). TSX commonly utilizes a limited stock group for the initial implementation of major trading product initiatives. After initial implementation of the MOC facility, TSX intends to review the list of MOC-eligible securities to assess whether certain securities should be added or deleted,

		including those that are relatively illiquid and not widely held.
RBC Capital Markets	TSX's current "last sale" closing methodology functions well and should not be changed. The "re-opening" of the continuous market book after the Regular Session introduces significant risks, particularly given that many issuers release information after the close. These risks may result in the withdrawal of capital and a decrease in index and over-the-counter product viability versus the current closing model, thereby leading to wider spreads and derivative instrument re-pricing. Unlike the U.S., Canadian markets do not have after market trading sessions to offset these exposures. TSX's Special Trading Session only takes place at the closing price of the stock during the Regular Session, and therefore offers limited opportunities to offset exposures as orders are typically on one side of the market and therefore have little liquidity. Any changes to TSX's closing model should be made concurrently with changes to TSX's market making proposals given that the current model does not support the proposed MOC System. In particular, the MOC market in the U.S. is operated by well-capitalized specialists who intermediate in a more substantial role as compared to Canada. Further, changes to existing methodology should be made concurrently with changes to the functioning of the derivatives market model, particularly the Bourse de Montreal.	Many market participants have expressed the limitations of TSX's current "last sale" methodology, including the lack of the ability to participate at the close and the need to adopt a system with a more efficient price discovery process. Unlike the originally proposed MOC System, the revised MOC model does not incorporate a closing auction period that takes place after the close of the Regular Session. In rare circumstances, an extended 5-minute delay will occur if the CCP has moved outside of set volatility parameters to provide the market with the opportunity to react to a significant movement in the closing price. Accordingly, in the vast majority of circumstances, MOC-eligible securities will close at 4:00 p.m. Further, in order to address potential risks relating to information released by issuers after the close, TSX intends to educate and inform issuers of the MOC System's closing procedures. TSX's proposed MOC facility, unlike the New York Stock Exchange MOC model, does not utilize market makers to intermediate the MOC function. Accordingly, TSX largely views the MOC and market making reform projects as separate initiatives. Further, feedback from market participants indicates that specialist intervention is not desired for the proposed TSX MOC facility.
Scotia Capital	TSX's MOC System should be adopted as proposed. The MOC System will facilitate accessible and efficient price discovery. An effective closing price mechanism is critical given that benchmarks indices, swaps, mutual fund portfolios and margin levels are all calculated in relation to the closing price. The last few seconds before the close of the Regular Session often involve significant price movements as undisclosed MOC orders compete with each other to "capture" the closing price. Under the current system, market participants are unaware of MOC activity until 3:59:59 p.m., and as more MOC orders are executed, the price swings are exacerbated as each market participant seeks to be last order executed during the Regular Session. The primary flaw of the existing system is that market participants are not allowed equal access to react to the closing price. An auction process which will increase participation and liquidity at the close will generate a true closing price.	TSX agrees with the need to establish a more fair and effective closing mechanism, and believes that the revised MOC model will promote participation and liquidity at the close. TSX has revised its originally proposed MOC model to address comments received from market participants.

TD Newcrest	A separate MOC facility is unnecessary and increased visibility of order flow at the close would reduce unexpected volatility. It is generally a misconception that index changes are the greatest contributors to volatility at the close. Market participants understand the impact of these events, and are prepared to enter offsetting liquidity to meet the supply and demand caused by indexer flows. The events that cause the greatest volatility are unanticipated order activity benchmarked to the close on non-index change days. Disclosure of such order flows will attract offsetting liquidity and dampen the potential for volatility. If a MOC facility is adopted by TSX, it should be similar to existing conventions in Canada's equity markets and be proven and accepted in other marketplaces. The commenter further notes that the MOC System should not be adopted based on the apparent lack of support from buy-side market participants.	TSX believes that a MOC facility is required to offer a more effective closing price mechanism, and to enhance its trading functionality consistent with standards in other global marketplaces. Based on extensive consultation with a wide cross-section of market participants, including members from the "buy-side" community, TSX believes that "buy-side" participants support TSX's revised MOC model.
MOC Facilities In Other Jurisdictions		
BMO Nesbitt Burns, CSTA, TD Newcrest	TSX should adopt an established MOC facility from a major world market.	In developing the original and revised MOC models, TSX staff reviewed MOC facilities in other jurisdictions, including those operational at the New York Stock Exchange, London Stock Exchange, Deutsche Borse, Wiener Borse and the Australian Stock Exchange. TSX believes that the revised MOC model represents the most appropriate model given the nature of its electronic market. Certain elements (as described below) of the revised MOC model are based on established MOC models in other marketplaces.
CSTA	TSX should explore the MOC systems utilized in Europe. In particular, TSX should consider adopting the London Stock Exchange's MOC model given that it is proven and regarded as fair by market participants.	TSX has reviewed MOC facilities in other jurisdictions, including the London Stock Exchange ("LSE") closing model. The LSE's MOC model provides for a "visible" closing rotation that discloses price and volume levels. Under the LSE's model, the market moves into a 5½ minute auction period at 4:30 p.m. with a 30 second random close. Market participants are permitted to enter both market and limit orders. At the end of the auction period, a special mathematical formula is utilized to calculate a single closing price for the auction that will result in the greatest number of shares to be executed. If the closing equation calculates a price that deviates more than 5% from the average price during the last 10 minutes of regular trading, the auction moves into a price-monitoring extension. This extended period provides market makers with opportunities to balance the market. A second 5-minute extension period is provided if the market requires more time to

		close. If orders are left unfilled at the end of the 5-minute period, a further 2-minute auction period occurs to settle outstanding orders. TSX's revised MOC model includes certain elements present in the LSE's closing model, including: the determination of the closing price through a closing call mechanism; a delay in the closing call if the CCP exceeds certain price parameters; and the institution of certain closing price acceptance parameters. Given the "visibility" of the LSE's closing system, TSX did not believe that there would be widespread support for the adoption of a similar model in Canada.
	The New York Stock Exchange specialist MOC model requires human intervention and will not function in TSX's electronic market environment.	TSX agrees that the New York Stock Exchange ("NYSE") specialist MOC model is not suited for TSX given that TSX's markets operate in a more automated environment, and generally rely less heavily on the role of specialists. Further, market participants have also expressed that they would prefer that closing prices be established by the market rather than specialists. Under the NYSE model, MOC orders are placed with a specialist (i.e. a market maker) in a separate MOC book. In general, MOC imbalances (subject to certain size thresholds) are disseminated to the market at 3:40 and 3:50 p.m., and orders on the contra side of such imbalances are accepted. If a MOC imbalance occurs at the end of the trading day, specialists pair the orders at the "prevailing quotation" (i.e. imbalances on the sell side are paired off by the specialist at the bid price while imbalances on the buy side are are paired off by the specialist at the ask price). Under the NYSE MOC model, the specialist has the authority to establish the closing price, as well as the option to guarantee the MOC imbalance.
TD Newcrest	Advocates adoption of the London Stock Exchange MOC model wherein the close is determined during a 30-second random period after a 5-minute order entry session. The commenter notes that the key to the London system is its visibility.	See above response to CSTA's comments in this section.
Guaranteed Fill		
BMO Nesbitt Burns, OTPBB, RBC Capital Markets	The MOC System should guarantee a fill of MOC Orders. The lack of a guaranteed fill imposes additional risk and uncertainty for market participants.	MOC orders cannot be guaranteed under a MOC facility without a designated counter-party such as a specialist. TSX market feedback received during the development of the MOC facility did not favour the intervention of a specialist. Further, the revised MOC model has been structured to

		maximize the fill of MOC Orders by establishing closing prices at prices (subject to certain volatility parameters) at which the MOC imbalance is nil and/or overlapping limit orders trade.
MOC Participation		
Barclays	MOC participation should be mandatory, and any orders with instructions to trade at the closing price for the trading day should be entered into the MOC facility. Increased participation will provide additional liquidity at the close, which will further enhance MOC participation and reduce volatility. Further, the commenter believes that one of the most appealing results of additional liquidity will be greater participation by non-Canadian investors in Canadian equities.	TSX is of the view that MOC participation should not be mandatory, and that market participants should be able to place orders outside of the MOC facility to meet their existing needs. We believe that the revised MOC model will attract liquidity, which will further enhance MOC participation and reduce volatility thereby attracting increased orders into the MOC facility.
B. MOC ELIGIBLE SECURITIES		
Barclays	Recommendation that XIU (I-Units) should not be included in the proposed MOC System when it is launched. The XIU derives its value from the value of the individual stocks included in the S&P/TSX 60 index that XIU tracks. During the Regular Session, registered traders and other market participants determine a fair value for XIU based on the posted markets for the underlying stocks. If the posted market for XIU deviates from its fair value, new bids and offers can be entered or arbitrage trades executed to realign the posted and fair value of XIU. The proposed MOC System may compromise this process given that that there will be a lag as new CCPs are calculated during the closing rotation. Further, without the disclosure of the MOC imbalance which impacts the CCP, registered traders will not be able to determine the size of the order required to bring the CCP in line with its fair value based on the CCPs of its underlying stocks.	In response to comments received, XIUs will not initially be included as a MOC-eligible security under the revised MOC model. TSX intends to evaluate the group of MOC-eligible securities on an ongoing basis.
BMO Nesbitt Burns	The initial stocks to be included in the MOC System are highly liquid and widely-held issues, and seldom experience significant volatility when there exists a known supply and demand imbalance at the close. Significant volatility occurs at the close when the stock is not liquid or widely-held (as well as due to unexpected demand and supply imbalances). These stocks would benefit most from inclusion in the MOC System.	As part of the initial implementation of the MOC facility, the S&P TSX 60 securities will be MOC-eligible. TSX believes that there will be significant benefits from the inclusion of such securities in the MOC facility, including reducing their price volatility at the close, as well as to facilitate direct participation by market participants in trading at the close for such securities. TSX commonly utilizes a limited stock group for the initial implementation of major trading product initiatives. Following an evaluation period, the list of MOC-eligible securities may be expanded to include other securities listed on the TSX, including those securities that are less liquid and not widely-held.

	A significant number of the S&P TSX 60 stocks are inter-listed. If TSX's MOC facility is markedly different then MOC facilities at U.S. exchanges, these differences may result in potential disparities in closing prices for the same security on such exchanges. This may cause confusion and be a disincentive to U.S. investors using TSX's MOC facility.	TSX believes that the revised MOC facility will lead to a more efficient closing pricing mechanism than exists today. Accordingly, potential disparities in closing prices for inter-listed securities will likely be reduced. TSX is also of the view that the MOC market enhancements will encourage MOC order flow to TSX from other jurisdictions, including the United States.
	Concern about the potential dislocation between the market closing price for listed options (and other products traded) on the Bourse de Montreal and the closing price for the underlying equity established by the MOC System. The commenter advises that such price dislocations will cause numerous difficulties, including the determination of end of day profit and loss calculations, as well as regulatory capital and risk measurements. In addition, the commenter notes that, on option expiry days, the decoupling of closing options prices and the underlying prices may compromise automatic exercise thresholds if, for example, options that are out of the money immediately before 4:00 p.m., suddenly became in the money at 4:05 p.m. or vice versa.	TSX does not believe that the implementation of the revised MOC System will create material price dislocations between the closing price for listed options (and other products traded) on the Bourse de Montreal and the closing price for the underlying equities. We understand that such price dislocations would be caused by potential delays in the closing of MOC securities past 4:00 p.m. In this regard, the revised MOC model will facilitate the closing of MOC securities at 4:00 p.m. in the vast majority of circumstances (unlike the originally proposed MOC model which included a 5 minute closing auction after the close of the Regular Session). We also note that there is the potential for dislocation of closing prices between options and underlying securities in other markets with MOC systems, including the NYSE and the LSE which may delay the closing of securities past the end of the regular session.
RBC Capital Markets	The target universe of stocks for initial inclusion in the MOC facility should not be the S&P TSX 60 stocks since they do not typically experience from liquidity/volatility concerns at the close. Consideration should be given to including the balance of the S&P/TSX 60 stocks which tend to exhibit higher volatility and lower liquidity.	See above response to BMO Nesbitt Burns' comments in this section.
	Questions how the equity options and derivative markets will be impacted by the MOC System, and whether TSX can be assured that a fair and orderly closing market rotation will take place for derivative markets that are dependent upon underlying securities and index levels such as ETFs.	TSX does not believe that the revised MOC facility will have a material adverse impact on the equity options and derivative markets. In order to address issues relating to the closing of derivative markets, TSX staff continues to be receptive to discuss these issues with market participants, and to work with staff at other markets, including the Bourse de Montreal to resolve any such issues. See also above response to BMO Nesbitt Burns' comments in this section.
	Questions whether TSX intends to introduce specific rule and policy changes for listed derivative markets, including equity options.	TSX does not intend to introduce specific rule and policy changes for listed derivative markets at this time.

	The proposed MOC System does not address the practical necessities of derivative offsets and hedge positions, and will inhibit the growth of ETF products and other index derivatives (listed and OTC). The commenter further recommends that the closing rotation of the eligible optionable stocks on the Bourse de Montreal should occur after the closing call on TSX and that the derivative market maker have the opportunity to participate in the closing market book relative to the markets they are maintaining in various derivative instruments. This will be most pronounced with anomalies and inefficiencies occurring in the equity options market, and most particularly at expiry where the auto-exercise of options will leave investors with no way to offset the exposures potentially created by the MOC proposal.	The revised MOC System does not include a closing auction period that takes place after the close of the Regular Session. Accordingly, we believe that potential dislocations between the options market and TSX MOC eligible securities will be minimized given that, in most circumstances, the closing prices will be resolved at 4:00 p.m. TSX is in the process of developing a facility to permit the execution of specialty priced crosses which will assist market participants in mitigating their exposure risk.
RTG	Seven of the S&P TSE 60 stocks have "secondary" common stock issues (which are characterized by different voting rights), two of which should be considered for immediate inclusion in the MOC System. In particular, the commenter identifies Bombardier Class A ("BBD.A") and Telus Corp. Non-Vtg ("T.A."), both of which have significant outstanding floats and trading activity as compared to their "primary" issues. These stocks often trade in relation to their "primary" issues. The commenter believes that any stocks with similar characteristics that are included in the S&P/TSX 60 in the future should also be considered for participation in the MOC System.	Following an evaluation period after the implementation of the MOC System, the list of MOC-eligible securities may be expanded to include other securities listed on TSX.
ScotiaCapital	Recommends that all listed securities be eligible to participate in the MOC System since many custom swap baskets are set off the closing price. Further, issues added to, or deleted from, the S&P/TSX 60 would benefit from the MOC System's price discovery process.	See above response to RTG's comments in this section.
TD Newcrest	Recommends that TSX MOC facility should include all exchange traded funds listed on TSX.	See above response to RTG's comments in this section.
C. MARKET TRANSPARENCY		
Barclays	Favours anonymity with respect to who is trading, as well as the size of orders entered on either side of the market.	The revised MOC System facilitates anonymity of trading.
BMO Nesbitt Burns	A blind MOC facility only serves the interests of a limited segment of the market and therefore will not achieve the goal of broader participation of trading at the close. Further, the proposed MOC System does not capture MOC activity outside of the official MOC facility. Accordingly, MOC imbalances may be incorrectly reported or not reported at all. The commenter also questions why the proposed MOC book would be blind when the market open book is not.	Currently, MOC order activity is not widely accessible to market participants. TSX's revised MOC System will provide equal access to MOC imbalance information, and therefore represents a key improvement in the transparency of MOC activity without contributing to information leakage and undue market impact costs which may hinder MOC participation. The revised MOC System includes a blind MOC Book in order to encourage all liquidity providers to

		participate in resolving any MOC imbalances. Further, the blind facility may also minimize the potential for "gaming" or other opportunistic investors from participating. TSX believes that market participants should be permitted to place orders outside of the MOC facility to meet their needs. However, we are of the view that the revised MOC model will attract liquidity, and therefore encourage market participants to place their MOC orders within TSX's MOC facility.
OTPBB	Supports the adoption of a blind "dutch auction" facility. Under the proposed MOC System, if an investor were to enter a large order in the MOC Book, there is a risk that once such order is broadcast to market participants it might move the price level of the stock in a way that would not have existed if the size of the imbalance was not made public. The key to establishing an effective MOC facility is to draw liquidity into the MOC system. In this regard, the commenter recommends that the TSX MOC system should be comprised of both of a "MOC Order Book" and "Blind Limit Order Book" ("BLOB"). The BLOB would be invisible to the market in terms of the identity, size, side and price, and could be entered as "Day" or "Good Til Cancelled" orders. The commenter advises that the BLOB represents the "hidden" liquidity in the system, noting that in addition to the continuous and "upstairs market", this other liquidity pool could be tapped. Currently, institutional desks have orders that slightly depart from current market price levels at which they are prepared to transact. The commenter believes that if such orders could be placed into a BLOB against which any imbalance between the continuous market book and MOC Book could be matched, this would significantly enhance the liquidity of the MOC facility.	The revised MOC model has incorporated a form of the blind limit order book in order to draw on all liquidity sources.
RBC Capital Markets	Market participants will be reluctant to enter MOC orders into a blind MOC facility which will reduce liquidity and thereby exacerbate volatility at the close. Liquidity providers will face increased risks that may not be effectively hedged given that they will not know the size or price positions until after the market has closed thereby increasing their overnight risk. The commenter further notes that notional rebalancing changes required to index portfolios will become more difficult to predict and therefore offset. Lastly, the commenter notes that buy side clients have traditionally been reluctant to commit orders in advance of knowing price information, and although they have advocated greater anonymity for their orders, previous attempts to implement call markets have largely failed to attract liquidity. The commenter believes that dealers, who are the primary	See above response to BMO Nesbitt Burns' comments in this section.

	liquidity providers, will faced increased overnight risk and therefore expect a higher return on capital to satisfy imbalances. In their view, this will likely result in higher volatility and lower liquidity at the close.	
TD Newcrest	Not supportive of a blind "dutch auction" model in which market participants would enter their best bids and offers into a blind book, and the closing price of a stock would be determined based on the net imbalance of MOC orders. First, the commenter notes that it is crucial that liquidity providers be able to react to potential displacements at the close which is not possible in a blind "dutch auction" model. In the dutch auction model, best bids and offers must be entered before the closing auction. Further, the commenter is not clear whether market participants will participate broadly in such a system (other than large well-informed investors), and notes that other current blind book sources of liquidity such as POSIT have yet to gain broad acceptance. Second, the commenter believes that there are no proven MOC models that use a blind "dutch auction" methodology. Lastly, the commenter believes that the need for anonymity and concerns about information leakages can be addressed through other means by buy-side investors, and undermines the liquidity provided by reactionary liquidity providers in the current model.	See above response to BMO Nesbitt Burns' comments in this section.
D. MOC ORDERS		
Order Types		
Barclays	Believes that the concept of board lots and odd lots is not required given TSX's fully automated environment. However, if a distinction is to be made, the commenter believes that odd lot orders should be included in the MOC System for a number of reasons. First, index trades are normally calculated to the nearest whole share. Accordingly, it will be an inconvenience and pose additional risk to traders if they are required to trade odd lots outside of the MOC System. Further, the absence of odd lot handling could result in a breach of anonymity, and lead to higher costs if the odd lot and board lot orders must be ticketed separately.	TSX is of the view that odd lot orders should not be included as part of the initial implementation of the TSX MOC facility. TSX may consider the inclusion of odd lot orders in the MOC facility in the future.
RBC Capital Markets	Questions how iceberg orders will be treated in the MOC System, and whether regular market iceberg orders will be calculated in the CCP for only the disclosed amount or the entire amount of the order.	Under the revised MOC facility, the full volume of regular market iceberg orders will be recognized in calculating closing prices.
MOC Market and Limit Orders		
Barclays	Believes that the fact that limit orders can be entered in the Closing Market Book on either side of the market will undermine the effectiveness of the proposed MOC System. In particular, the commenter suggests that market participants will enter limit orders with extreme	In response to comments received, the revised MOC model has eliminated the closing auction period which had permitted limit MOC orders to be entered in the Closing Market Book on either side of the market. Under the revised MOC model, the

	prices in the Closing Market Book in order to participate in the MOC System. In their view, given that such orders will most likely be guaranteed a fill at the closing price, there will be no advantage to entering orders in the MOC Book early. Recommends that only offsetting, or imbalance reducing, limit orders be permitted in the Closing Market Book to ensure that market participants enter their MOC orders as early as possible.	closing auction period has been replaced with a 5-minute price movement extension period (if certain volatility parameters have been breached) that only permits offsetting limit MOC orders to be placed. Under the revised MOC model, all market MOC orders entered prior to 3:40 p.m. are locked-in at such time thereby encouraging market participants to enter their MOC orders as soon as possible. Offsetting limit MOC orders are permitted during the MOC imbalance broadcast and reduction period between 3:40 p.m. and 4:00 p.m. and may be cancelled up to 4:00 p.m. Offsetting limit MOC orders placed during the price movement extension period may not be cancelled or CFO'd.
CSTA	Under the MOC System, there is no flexibility to cancel market MOC Orders after 3:40 p.m., whereas limit MOC Orders entered in the Closing Market Book can be cancelled or revised. The commenter believes that this will discourage the entering of orders in the MOC Book, and may, in fact, increase volatility and possibly gaming (which may be partially offset by the MOC System's random close feature) at the close. The commenter recommends that only offsetting, or imbalance reducing, limit MOC orders be permitted in the Closing Market Book. This will ensure that market participants who wish to enter a MOC order, and who are not price sensitive, will enter their MOC orders as early as possible.	See above response to Barclays' comments in this section.
OTPBB	Advises that there are a number of legitimate reasons why a trader may wish to cancel an existing MOC Order between 3:40 p.m. to 4:00 p.m.	See above response to Barclays' comments in this section.
RBC Capital Markets	Believes that the system is too complicated. The concept of a having a blind Closing Market Book and allowing further limit orders to enter or exit on either side after 4:00 p.m., while preventing more than the initial imbalance to be neutralized, will render the MOC book meaningless.	See above response to Barclays' comments in this section.
TD Newcrest	Believes that the fact that limit orders can be entered in the Closing Market Book on either side of the market at any price, will render the separate MOC Book meaningless. In particular, the commenter suggests that market participants will enter limit orders with extreme prices in the Closing Market Book in order to participate in the MOC System. In their view, given that such orders will be guaranteed a fill at the closing price, there will be no advantage to entering orders in the MOC Book early.	See above response to Barclays' comments in this section.
	Believes that only offsetting trades should be permitted in the Closing Market Book.	See above response to Barclays' comments in this section.
Order Entry		
OTPBB	Buy-side participants should not be required to enter their orders through an intermediary.	Consistent with current authorized access, TSX is of the view that MOC orders may only be entered by or through a participating organization of TSX.

E. THE MOC IMBALANCE AND REDUCTION PERIOD		
BMO Nesbitt Burns	The reporting of MOC imbalances should be made only above a predetermined threshold and is not necessary on a continuous basis. The commenter suggests reporting the imbalance at five or ten minute intervals.	Under the revised MOC model, the MOC imbalance is disseminated only once at 3:40 p.m.
CSTA	The MOC imbalance broadcasts should be at periodic time intervals. The commenter refers to the NYSE model which publishes imbalances at 3:40 and again at 3:50, if necessary. This method permits extra liquidity to be attracted to the market to offset imbalances.	Unlike the NYSE MOC model, TSX's revised MOC model only accepts offsetting limit MOC orders between 3:40 p.m. and 4:00 p.m. These offsetting limit MOC orders may or may not trade when the MOC and Continuous Market Books are combined at 4:00 p.m. Accordingly, another MOC imbalance update would be inaccurate unless the orders in the combined books were taken into account when the subsequent imbalance was calculated.
OTPBB	As part of the blind "dutch auction" facility described above, the commenter believes that MOC order imbalances should be broadcast from 3:40 to 4:00 p.m. Further, BLOB orders should not be included as part of the MOC imbalance calculation and broadcast. The commenter recommends that the BLOB should only be considered after all non-limit MOC orders have been netted to reduce the MOC imbalance.	Under the revised MOC model, offsetting limit orders are only taken into consideration when the MOC and Continuous Market Books are combined at 4:00 p.m., and infrequently when a price movement extension situation occurs. See above response to CSTA's comments in this section.
F. THE CALCULATED CLOSING PRICE AND CLOSING CALL		
CCP		
Barclays	Supports the proposed MOC System's single price auction concept which ensures that all potential liquidity providers are given sufficient time to react to trading opportunities, and to provide liquidity as needed to promote a competitively established closing price.	The proposed TSX MOC model has been revised so that the calculated closing price is determined based on the orders in MOC and Continuous Market Book at 4:00 p.m. The price movement extension period (which is anticipated to occur infrequently when volatility parameters have been breached) is similar to a price auction but only offsetting limit MOC orders are permitted during this period. See also response to BMO Nesbitt Burns' comments in the section entitled "Market Transparency".
OTPBB	Supporters of the blind "dutch auction" model believe that, at 4:00 p.m., the Continuous Market Book should be combined with the BLOB (the "Combined Book"). From that time, new order entry would only be permitted in BLOB. Such orders could be cancelled or adjusted between 4:00 and 4:15 to place them on the same risk basis as orders received during the continuous market (i.e. news/event risk after 4:00 p.m.). The Combined Book would be completely blind, reducing the potential for gaming or pennying. Bids and offers in the Combined Book would be applied to the net MOC order imbalance to	The revised MOC model reflects a modified form of a blind limit order book. See also response to OTPBB's comments in the section entitled "Market Transparency".

	determine the closing price which is determined via a dutch auction. The commenter believes that a completely blind book prevents price sensitive and opportunistic investors from participating.	
RTG	The disclosure of only an indicative CCP will not provide market participants with sufficient information upon which to make informed trading decisions. The disclosure of volumes, as well as the number of buyers and sellers participating in the close, will result in a more legitimately determined closing price. The commenter believes that the disclosure of such information will not contribute to "gaming" or "scooping" (i.e. the last minute entry of orders) tactics by market participants given that the random close feature of the MOC System will largely address these issues.	TSX believes that the adoption of a blind facility will encourage all liquidity provides (both buy and sell) to participate in resolving the MOC imbalance. Further, participants are encouraged to enter their best price rather than "freeride" off of market information. See also response to BMO Nesbitt Burns' comments in section entitled "Market Transparency".
RBC Capital Markets	Believes that there will be practical impediments to administering and disseminating a continuously updated CCP particularly with a random closing time.	Unlike the originally proposed model, the revised MOC model does not involve the dissemination of a continuously updated CCP.
Liquidity		
BMO Nesbitt Burns	Notes that the closing rotation to be conducted between 4:00 and 4:05:30 p.m. will be illiquid given that both the Canadian options market and the U.S. markets will have closed at 4:00 p.m. thereby exacerbating the volatility at the close.	Under the revised MOC model, no closing rotation will be conducted. In rare occurrences, a price movement extension may be required if volatility parameters have been breached with a maximum delay of five minutes from the close of the Regular Session.
MOC Imbalance		
BMO Nesbitt Burns	Holding a Closing Call in circumstances where there is no MOC imbalance may lead to increased volatility.	In response to comments, under the revised MOC model, if there is no MOC imbalance or no MOC orders in the MOC Book for a MOC security then the last (board lot) sale price from the Regular Session for such security will be the CCP.
RTG	The commenter believes that a Closing Call should not be conducted where there are no MOC orders or no MOC imbalance exists given that it cannot be viewed as a means to mitigate price volatility and may compromise the normal closing price discovery process. Accordingly, this feature should be withdrawn from the MOC System.	See above response to BMO Nesbitt Burns' comments in this section.
MOC Closing		
Barclays	Concerned about the impact that differential closing times resulting from delayed closings may have on basket trades or any kind of linked trading. In particular, the commenter notes that basket traders (as well as designated brokers) would be subject to considerable risk if during a delay in trading, a significant price movement in one or more stocks included in the basket occurred, resulting in some of the MOC orders in the basket trade remaining unfilled or only partially filled. The commenter notes that this concern may impede the development of the ETF market in Canada.	See above response to BMO Nesbitt Burns' comments in the section entitled "MOC-Eligible Securities".

OTPBB	The end of the trading day is a very busy time for traders. The five-minute closing rotation "window" is not a sufficient time period to enter MOC orders.	Under the revised MOC model, no closing auction period will be conducted. Market participants are provided with 20 minutes (between 3:40 p.m. and 4:00 p.m. during the MOC imbalance broadcast and reduction period) to make trading decisions based on the MOC imbalance published at 3:40 p.m. In addition, in the rare circumstances that closing of a MOC security is delayed, market participants are given an additional 5 minutes to enter their offsetting limit MOC orders.
RBC Capital Markets	Questions how closing index levels will be calculated at 4:05 p.m. and how these changing closing levels will affect liquidity and notional considerations.	Under the initial MOC model, closing index levels would not have been determined until approximately 4:05 p.m. (+ random 30 seconds) and potentially until 4:15 p.m. The revised MOC model will allow closing index levels to be determined at 4:00 p.m. and in rare occurrences at 4:05 p.m.
	Questions how unintentional crosses will be handled as liquidity is added into the Closing Market Book to offset the published MOC imbalance. The commenter suggests that market orders may interact with limit orders from the same participant on the opposite side of the market.	Orders will be filled based on the following allocation: Market MOC orders will trade first with other market MOC orders. Unintentional Crosses will trade first in time priority. Anonymous orders will not seek out unintentional crosses. All remaining MOC to MOC orders will trade in time priority. Market MOC imbalance orders will trade with limit orders (from both the MOC and Continuous Market books) in time priority. Unintentional Crosses will trade first. Anonymous orders will not seek out unintentional crosses. Limit orders will trade against other limit orders in time priority. Unintentional Crosses will trade first. Anonymous orders will not seek out unintentional crosses.
G. VOLATILITY PARAMETERS		
Barclays	Further details should be provided with respect to the proposed volatility parameters, including whether the parameters will be applied on stock-by-stock basis, whether they will be absolute or relative to the price of the stock and what will occur if a stock closing is delayed because its volatility parameter is breached. The commenter believes that liquidity should take precedence over the existence of volatility parameters if such a choice is required and market participants should be able to understand the implications of not having volatility parameters and arrange their trading accordingly. Extreme price volatility will be rare if the proposed MOC facility provides sufficient time for market participants to react to imbalances with anonymity.	Under the revised MOC model, the price movement extension parameters and the closing price acceptance parameters will apply to all MOC eligible stocks. If the calculated closing price for a security is greater than 10% from the VWAP of the security calculated during the last 20 minutes of the Regular Session or the last sale price for the security during the Regular Session, then a price movement delay message will be disseminated to the market and the close in such security will be delayed for 5 minutes. The additional 5 minutes will provide the market with the opportunity to react to the movement in the closing price. If at the end of the 5 minute extended

		period, the closing price is still greater than 10% but not farther than 20% from the VWAP of the last 20 minutes of the Regular Session or the last sale price for the security during the Regular Session, the security will close at the price at which the MOC imbalance is cleared. If the final price is greater than 20% from the VWAP of the last 20 minutes of the Regular Session or the last sale price for the security during the Regular Session, then the last (board lot) sale price during the Regular Session will be used as the closing price. The relatively broad volatility parameters in the revised MOC model should, in most cases, allow the market to determine closing prices in MOC securities. TSX believes that that the price movement extension period and the closing price acceptance parameters are integral in protecting the integrity of the markets, and should be published in order to afford greater certainty in market trading. TSX intends to review such volatility parameters on a periodic basis.
BMO Nesbitt Burns	Volatility parameters should be based on an established formula that takes into account the size of the MOC imbalance and its relationship to the liquidity of the stock. The price threshold for the volatility parameter should not be disclosed as it will only serve to migrate limit orders to such threshold price.	See above responses to Barclays' comments in this section.
CSTA	Volatility parameters should be established at a level between 5% and 10% and the closing of such security should be delayed by 2 minutes.	See above responses to Barclays' comments in this section.
OTPBB	The proposed MOC facility should not include volatility parameters. The commenter notes that the last traded price prior or at 4:00 p.m. often does not reflect the market value for that stock.	See above responses to Barclays' comments in this section.
TD Newcrest	Opposes a blind "Dutch Auction" model which would permit extreme price fluctuations. The commenter notes that the applicable volatility parameters should take into account the liquidity of the stock, and suggests the following volatility bands as part of the MOC model: 10% for an S&P/TSX 60 large cap stock; 15% for an S&P/TSX 60 mid-cap stock; and 25% for a S&P/TSX 60 small cap stock (once the MOC System includes these stocks). Consistent with the London Stock Exchange model, support the concept of determining the size of the allowable move on the VWAP for the last 10 minutes of the regular session as a reference.	See above responses to Barclays' comments in this section.
H. TRADING HALTS		
BMO Nesbitt Burns	The proposed MOC system does not address how regulatory trading halts will be handled during the 4:00-4:05:30 session, particularly given that information on stocks are often	The revised MOC model does not incorporate a closing rotation (i.e. a session between 4:00-4:05:30 as in the original MOC model). Under the revised model, the

	released after the close of the Regular Session.	Continuous Market Book and the MOC Book will be closed to further order entry at 4:00 p.m. The closing call will be executed immediately thereafter and orders will be matched at the final CCP. A security may be omitted from MOC participation in the event that stock is frozen, inhibited or halted at the time of the closing call at the discretion of TSX Trading Services. Market participants will be notified immediately of such occurrence.
RBC Capital Markets	Questions how trading halts initiated by TSX's Trading Services will be handled, and whether this will result in an arbitrary price established by a third party.	Trading halts will be initiated and handled by TSX Trading Services on a case-by-case basis. In the limited circumstances where TSX Trading Services is required to establish a closing price, such determination will be made based on all relevant market information. Accordingly, the closing price will not be set arbitrarily.
I. REGULATORY ISSUES		
Time Priority		
RBC Capital Markets	Questions how the time priority of orders will be respected with market orders commingled with better-priced limit orders.	All orders are time stamped upon entry and will trade in price-time priority as per today.
Client Priority		
BMO Nesbitt Burns	Expressed strong support for MOC Orders to be exempt from the application of the client priority rule in Rule 5.3 of UMIR.	Market Regulation Services Inc. will be proposing amendments to Rule 5.3 of UMIR which would provide an exemption for MOC Orders. It is anticipated that such amendment will be effective prior to the implementation of TSX's MOC facility.
Short Sale		
BMO Nesbitt Burns	Short sale MOC limit orders should not be exempt from the short sale restrictions contained in UMIR.	Under the originally proposed MOC model, an indicative CCP was disseminated to the marketplace which enabled participants to enter limit priced MOC Orders in the Closing Market Book in reaction to the updated price. TSX agrees that an exemption from the short sale restrictions in UMIR with respect to such orders would be inappropriate.
J. IMPLEMENTATION		
Barclays	TSX should ensure that extensive education and communication programs are in place prior to the introduction of any new MOC facility.	TSX plans to provide extensive education and programs prior to the implementation of the TSX MOC facility, as well as to provide ongoing support to market participants after its launch.

This page intentionally left blank

Chapter 25

Other Information

25.1 Exemptions

25.1.1 VentureLink Diversified Income Fund Inc. and VentureLink Diversified Balanced Fund Inc. - s. 9.1

Headnote

Exemption granted to labour sponsored investment fund corporation to permit it to pay certain specified distribution costs out of fund assets contrary to section 2.1 of National Instrument 81-105 Mutual Fund Sales Practices. Exemption granted on the condition that the distribution costs so paid are permitted by, and otherwise paid in accordance with the National Instrument.

Statutes Cited

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

Rules Cited

National Instrument 81-105 Mutual Fund Sales Practices.

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

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 81-105
MUTUAL FUND SALES PRACTICES

AND

IN THE MATTER OF
VENTURELINK DIVERSIFIED INCOME FUND INC. AND
VENTURELINK DIVERSIFIED BALANCED FUND INC.

EXEMPTION
(Section 9.1)

UPON the application (the "Application") of VentureLink Diversified Income Fund Inc. (the "Income Fund") and VentureLink Diversified Balanced Fund Inc. (the "Balanced Fund") (the Income Fund and the Balanced Fund are referred to collectively as the "Funds" and individually as a "Fund") filed with the Ontario Securities Commission (the "Decision Maker") for an exemption pursuant to section 9.1 of National Instrument 81-105 Mutual Fund Sales Practices ("NI 81-105") from section 2.1 of NI 81-105 to permit the Fund to make certain payments to registered dealers;

AND UPON considering the Application and the recommendation of staff of the Decision Maker;

AND WHEREAS each of the Funds and Skylon Funds Management Inc. (the "Manager"), the Manager of each of the Funds, have represented to the Decision Maker as follows:

1. Each Fund is a corporation incorporated under the *Business Corporations Act* (Ontario). Each Fund is registered as a labour sponsored investment fund corporation under the *Community Small Business Investments Fund Act* (Ontario).

2. Each Fund is a mutual fund as defined in the *Securities Act* (Ontario). Each Fund has filed a preliminary prospectus dated October 8, 2002 (the "Preliminary Prospectus") in the Province of Ontario in connection with the proposed offering to the public of Class A Shares, Series I and Class A Shares, Series II in the capital of the Income Fund and Class A Shares in the capital of the Balanced Fund (collectively, the "Class A Shares").

3. The authorized capital of each Fund consists of an unlimited number of Class A Shares of which none are currently issued and outstanding as of the date hereof, and an unlimited number of Class B Shares in the capital of each Fund, of which 100 shares are issued and outstanding as of the date hereof.

4. The Class A Shares of the Income Fund are issuable in two series, Series I and Series II.

5. The Manager and the Canadian Federal Pilots Association (the "Sponsor") formed and organized each of the Funds.

6. Each Fund proposes to pay directly to registered dealers certain costs associated with the distribution of its Class A Shares. These costs are:

   (a) with respect to the distribution of both series of Class A Shares of the Income Fund and the Class A Shares of the Balanced Fund, a sales commission of 6% of the selling price for each relevant Class A Share subscribed for (the "6% Sales Commission"), and

   (b) with respect to the Class A Shares, Series I of the Income Fund a commission of 4% of the selling price of each Class A Share, Series I held by investors. Such commission is to be paid

in lieu of service fees payable before the eighth anniversary of the date of issue of such Class A Shares, Series I of the Income Fund (the "4% Trailing Commission").

7. Each Fund may also pay for the reimbursement of co-operative marketing expenses (the "Co-op Expenses") incurred by registered dealers in promoting sales of the Class A Shares, pursuant to co-operative marketing agreements a Fund may enter into with such dealers.

8. All of the costs associated with the distribution of Class A Shares including, among other things, the 6% Sales Commission and the 4% Trailing Commission (together, the "Sales Commissions"), and the Co-op Expenses (collectively, the "Distribution Costs") are fully disclosed in the Preliminary Prospectus.

9. For accounting purposes, the Funds will, as applicable:

   (a) defer and amortize that amount paid or payable in respect of the 6% Sales Commission to retained earnings on a straight line basis over eight years,

   (b) defer and amortize the amount paid or payable in respect of the 4% Trailing Commission to income on a straight line basis over eight years, and

   (c) expense the Co-op Expenses in the fiscal period when incurred and will not defer and amortize any Co-op Expenses.

10. The accounting treatment of the Sales Commissions is necessary to ensure that the applicable accounting entries of each of the Funds do not result in an unjustifiable increase in the net asset value of that Fund in the event that an investor redeems Class A Shares prior to the end of the eight year amortization period.

11. The eight year amortization treatment period is appropriate with respect to each of the Funds given that in the case of labour-sponsored investment funds, tax credits must be repaid to investors that redeem their Class A Shares prior to the eighth anniversary of the date of their subscription.

12. To ensure that the entire subscription price paid by a subscriber of Class A Shares is taken into account for the purpose of determining the applicable federal and provincial tax credits, the gross investment amount will be paid to each of the Funds in respect of each subscription, as opposed, for example, to the net amount obtained after deducting the Sales Commissions from the subscription price.

13. Due to the structure of the Funds, the most tax efficient way for the Distribution Costs to be financed is for each Fund to pay them directly.

14. The Manager or its affiliate are the only members of the organization of the Funds, other than the Funds themselves, available to pay Distribution Costs. Without the requested discretionary relief the Manager would be obliged to finance the Distribution Costs through borrowing.

15. Any loans taken by the Manager to finance the Distribution Costs would result in an increased management fee chargeable to the applicable Fund, an amount equal to the borrowing costs incurred by the Manager plus an amount required to compensate the Manager for any risks associated with fluctuations in the net asset value of the applicable Fund. Requiring compliance with section 2.1 of NI 81-105 would cause management expenses of the applicable Fund to increase above those contemplated in the Preliminary Prospectus.

16. Requiring the Manager to pay the Distribution Costs while granting an exemption to other labour funds and permitting such funds to pay similar Distribution Costs directly, would put the Funds at a permanent and serious competitive disadvantage with their competitors.

17. Each of the Fund undertake to comply with all other provisions of NI 81-105. In particular, each Fund undertakes that all Distribution Costs paid by it will be compensation permitted to be paid to participating dealers under NI 81-105.

AND UPON THE Decision Maker being satisfied that to do so would not be prejudicial to the public interest:

NOW THEREFORE pursuant to section 9.1 of NI 81-105, the Decision Maker hereby exempts the Fund from section 2.1 of NI 81-105 to permit the Funds to pay the Distribution Costs, provided that:

   (a) the Distribution Costs are otherwise permitted by, and paid in accordance with, NI 81-105;

   (b) the Distribution Costs are accounted for in the Fund's financial statements in the manner described in paragraph nine above;

   (c) the summary section (the "Summary Section") of the (final) prospectus of the Funds has full, true and plain disclosure describing the commission of Class A Shares, Series I as a 10% initial sales commission, plus service fees after eight years. The Summary Section must be placed within the first 10 pages of the final prospectus;

(d) the (final) prospectus has full, true and plain disclosure explaining the services and value that the participating dealers would provide to investors in return for the service fees payable to them;

(e) the Summary Section of the (final) prospectus has full, true and plain disclosure explaining to investors that:

(i) they pay the Sales Commissions indirectly, as the Fund pays these Sales Commissions using investors' subscription proceeds, and

(ii) a portion of the net asset value of the Funds is comprised of a deferred commission, rather than an investment asset; and

(f) this Decision shall cease to be operative on the date that a rule replacing or amending section 2.1 of NI 81-105 comes into force.

November 19, 2002.

"H. Lorne Morphy" "Robert W. Korthals"

This page intentionally left blank

Index

This page intentionally left blank