The Ontario Securities Commission

OSC Bulletin

January 3, 2003

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

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

JANUARY 3, 2003

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
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20 Queen Street West
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- -

THE COMMISSIONERS

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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	**First Federal Capital (Canada) Corporation and Monte Morris Friesner** S. 127 A. Clark in attendance for Staff Panel: TBA
Date: TBA	**Offshore Marketing Alliance and Warren English** s. 127 A. Clark in attendance for Staff Panel: TBA
DATE: TBA	**Patrick Fraser Kenyon Pierrepont Lett, Milehouse Investment Management Limited, Pierrepont Trading Inc., BMO Nesbitt Burns Inc.*, John Steven Hawkyard and John Craig Dunn** s. 127 K. Manarin in attendance for Staff Panel: TBA * BMO settled Sept. 23/02
DATE: TBA	**Robert Thomislav Adzija *et al* (Douglas Cross & Holmes)** s. 127 T. Pratt in attendance for Staff Panel: RLS/HLM
January 8, 9 & 10, 2003 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 14, 2003	**Philip Services Corporation (Motion)**	
10:00 a.m.	s. 127	
	K. Manarin in attendance for Staff	
	Panel: HIW	
January 23, 2003	**Meridian Resources Inc. and Steven Baran**	
10:00 a.m.	s. 127	
	K. Manarin in attendance for Staff	
	Panel: TBA	
February 17 to 21, 2003 and February 25 to 28, 2003.	**Teodosio Vincent Pangia, Agostino Capista and Dallas/North Group Inc.**	
	s. 127	
All days10:00 a.m. Except, February 18, 2003 at 2:30 p.m.	Y. Chisholm in attendance for Staff	
	Panel: TBA	
April 2003	**Phoenix Research and Trading Corporation, Ronald Mock and Stephen Duthie**	
	s. 127	
	T. Pratt in attendance for Staff	
	Panel: TBA	

ADJOURNED SINE DIE

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

DJL Capital Corp. and Dennis John Little

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

Global Privacy Management Trust and Robert Cranston

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

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

1.1.2 Notice of Commission Approval of OSC Rule 13-502 Fees, Companion Policy 13-502CP, Notice of Revocation of Sched. 1 to Reg.1015 and Notice of Amendments to Reg. 1015, Policy 12-602, OSC Rules 45-501, 45-502 and 45-503 and Companion Policy 91-504CP

NOTICE OF COMMISSION APPROVAL OF OSC RULE 13-502 FEES, FORMS 13-502F1, 13-502F2, 13-502F3 AND 13-502F4, AND COMPANION POLICY 13-502CP

AND

NOTICE OF REVOCATION OF SCHEDULE 1 TO REGULATION 1015 MADE UNDER THE SECURITIES ACT, AND NOTICE OF AMENDMENTS TO REGULATION 1015 MADE UNDER THE SECURITIES ACT, POLICY 12-602, OSC RULES 45-501, 45-502 AND 45-503, AND COMPANION POLICY 91-504CP

On December 10, 2002 the Commission made Rule 13-502 Fees and Forms 13-502F1, 13-502F2, 13-502F3 and 13-502F4 as a rule under the Act (the "Rule") and adopted Companion Policy 13-502CP (the "Companion Policy") as a policy under the Act. The Rule and Companion Policy were most recently published for comment on June 28, 2002 at (2002) 25 OSCB 4067.

Concurrently with making the Rule, the Commission has revoked Schedule 1 (the "Fee Schedule") to Regulation 1015 of the Revised Regulations of Ontario, 1990 made under the Securities Act (the "Regulation"), has revoked Forms 42, 43 and 44, and has made non-material amendments to certain rules and policies in order to delete references to the Fee Schedule.

The Rule and the amendments to the Regulation were delivered to the Minister of Finance on December 20, 2002 and are being published in Chapter 5 of the Bulletin.

1.1.3 TSX Inc. – POSIT Canada – Additional Match Time

THE TORONTO STOCK EXCHANGE – IMPELEMENTATION OF AN ADDITIONAL MATCH TIME IN POSIT CANADA

REQUEST FOR COMMENTS

A request for comments on the implementation of an additional match time in POSIT Canada is published in Chapter 13 of the Bulletin.

1.1.4 OSC Staff Notice 51-711 - List of Refilings and Corrections of Errors as a Result of Regulatory Reviews

STAFF NOTICE 51-711
LIST OF REFILINGS AND CORRECTIONS OF ERRORS AS A RESULT OF REGULATORY REVIEWS

This is an amended version of Staff Notice 51-709, Refilings And Corrections of Errors as a Result of Regulatory Reviews, which has now been withdrawn.

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

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

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

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

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

When an issuer amends and refiles a document previously filed with the Commission, or implements an accounting change on a retroactive basis in order to correct an error, it is our view that these are significant events that should be generally disclosed to the market.

Company Disclosure

We remind issuers that it is their responsibility to ensure that the details of any amended and refiled information, or retroactive accounting change that represents the correction of an error, are clearly and broadly disclosed to the market in a timely manner. This responsibility is the same whether the refiling or change is made in the context of a staff review or at any other time.

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

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

Public List on OSC Website

On October 25, 2002, we started posting a Refilings and Errors list on the Commission’s Web site (http://www.osc.gov.on.ca). This list includes issuers that, after a staff review,

(1) restate and refile financial statements;

(2) implement accounting changes in their financial statements on a retroactive basis, where such an accounting change represents the correction of an error in the financial information as originally filed; or

(3) amend and refile other continuous disclosure documents.

Any deficiency in an issuer's disclosure record that is identified during a staff review and that leads to a refiling, or the implementation of an accounting change retroactively, will result in that issuer being placed on the Refilings and Errors list. In this regard, it makes no difference whether (i) the deficiency was identified by staff or by the issuer and its advisors during the review process,

or (ii) the Commission ordered the refiling or the issuer made the refiling voluntarily. A staff review is considered to begin when an issuer receives a comment letter from staff and ends when the issuer is notified that staff has completed its review.

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

Questions or comments concerning this notice should be provided to:

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

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

1.3 News Releases

1.3.1 OSC Approves Settlements Between Staff and Douglas Cross and George Holmes

FOR IMMEDIATE RELEASE
December 20, 2002

ONTARIO SECURITIES COMMISSION APPROVES SETTLEMENTS BETWEEN STAFF AND DOUGLAS CROSS AND GEORGE HOLMES

TORONTO – On December 19, the Ontario Securities Commission convened hearings to consider settlements reached by Staff of the Commission and the respondents Douglas Cross and George Holmes. The Commission panel, chaired by Lorne Morphy Q.C., approved the settlements.

Douglas Cross has never been registered with the Commission. By selling the Saxton securities, he engaged in unregistered trading and participated in illegal distributions. Mr. Cross was reprimanded by the Commission. He is prohibited from trading securities for four years with the exception of his RRSP account after one year.

By selling the Saxton securities, George Holmes participated in such securities' illegal distributions and engaged in other conduct contrary to the public interest. The Commission reprimanded Mr. Holmes and ordered that his registration be suspended, and he be prohibited from trading securities, for eleven months. He must successfully complete the Canadian Securities Course as a term and condition of the reinstatement of his registration. Costs were awarded against Mr. Holmes in the amount of $1,700.

Copies of the Notice of Hearing, Statement of Allegations of Staff of the Commission, Settlement Agreements and Orders 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: Frank Switzer
Director, Communications
416-593-8120

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 Absolute Software Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Dutch auction issuer bid - With respect to securities tendered at or below the clearing price - Offeror exempt from the requirement in the legislation to take up and pay for securities proportionately according to the number of securities deposited by each securityholder, the associated disclosure requirement, and the requirement to state the class and number of securities sought under the issuer bid.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am, ss. 95(7) and 104(2)(c).

Applicable Ontario Regulations

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am. ss. 189(b).

Applicable Ontario Rules

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

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
ABSOLUTE SOFTWARE CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, and Newfoundland and Labrador (the "Jurisdictions") has received an application (the "Application") from Absolute Software Corporation ("Absolute") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that, in connection with the proposed purchase by Absolute of a portion of its outstanding common Shares (the "Common Shares") under an issuer bid (the "Offer"), the following requirements in the Legislation shall not apply:

(i) to take up and pay for Common Shares proportionately according to the number of Common Shares deposited and not withdrawn by each securityholder (the "Proportionate Take-up and Payment Requirement");

(ii) to provide disclosure in the issuer bid circular (the "Circular") of such proportionate take-up and payment (the "Associated Disclosure Requirement"); and

(iii) to disclose in the Circular the number of Common Shares sought under the Offer (the "Number of Securities Requirement").

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

AND WHEREAS, 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 Absolute has represented to the Decision Makers that:

1. Absolute has its head office in Vancouver, British Columbia and is a reporting issuer or the equivalent in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec;

2. Absolute may have beneficial holders of Common Shares that are resident in each of the Jurisdictions;

3. Absolute is not in default of any requirement of the Legislation and is not on the list of defaulting reporting issuers maintained under the Legislation, where applicable;

4. Absolute's authorized capital consists of 70,000,000 shares, divided into 50,000,000 Common Shares without par value and

20,000,000 preference shares (of which 3,666,666 have been designated as Series A Preference shares);

5. approximately 19,489,533 Common Shares and no Series A Preference shares were issued and outstanding as of November 14, 2002;

6. the Common Shares are listed and posted for trading on the TSX Venture Exchange (the "Exchange");

7. on November 14, 2002, the closing price of the Common Shares on the Exchange was $0.29 per Common Share, resulting in an aggregate market value of approximately $5,651,965 for the Common Shares on that date;

8. to the knowledge of management of Absolute, no person or company owns more than 10% of the outstanding Common Shares except the Hummingbird Trust, which owns approximately 2,337,776 Common Shares, or 12% of the outstanding Common Shares; John Livingston, an officer and director of Absolute, and certain of his associates, are beneficiaries of the Hummingbird Trust;

9. the Trust has advised Absolute that it does not intend to tender any Common Shares to the Offer;

10. under the Offer, Absolute proposes to acquire Common Shares in accordance with the following modified Dutch auction procedure (the "Procedure") as disclosed in the Circular sent by Absolute to each holder of Common Shares (collectively the "Shareholders"):

    (a) the Circular specifies that the maximum amount that Absolute will expend under the Offer is $1,350,000 (the "Specified Amount");

    (b) the Circular also specifies the range of prices (the "Range") within which Absolute is prepared to purchase Common Shares under the Offer;

    (c) any Shareholder wishing to tender to the Offer will have the right to either: (i) specify the lowest price within the Range at which the Shareholder is willing to sell the tendered Common Shares (an "Auction Tender"); or (ii) elect to be deemed to have tendered the Common Shares at the Purchase Price determined in accordance with subparagraph 10(f) below (a "Purchase Price Tender");

    (d) all Common Shares tendered and not withdrawn by Shareholders who do not specify any tender price or indicate that they have tendered their Common Shares as a Purchase Price Tender, will be considered to have been tendered as a Purchase Price Tender;

    (e) any tendering Shareholder who does not specify the number of Common Shares tendered to the Offer will be considered to have tendered all of his or her Common Shares;

    (f) the purchase price (the "Purchase Price") of the Common Shares tendered to the Offer will be the lowest price that will enable Absolute to purchase the maximum number of Common Shares that may be purchased with the Specified Amount, and will be calculated based on the number of Common Shares tendered and not withdrawn as an Auction Tender at each price within the Range, and tendered and not withdrawn as a Purchase Price Tender, with each Purchase Price Tender being considered a tender at the lowest price within the Range for the purpose of calculating the Purchase Price;

    (g) all Common Shares tendered by Shareholders who specify a tender price that falls outside the Range will be considered to have been improperly tendered, will be excluded from the calculation of the Purchase Price, will not be purchased by Absolute and will be returned to the tendering Shareholders;

    (h) all Common Shares tendered at prices above the Purchase Price will be returned to the tendering Shareholders;

    (i) if the aggregate Purchase Price for Common Shares validly tendered to the Offer and not withdrawn is less than or equal to the Specified Amount, Absolute will purchase all Common Shares tendered;

    (j) if the aggregate Purchase Price for Common Shares validly tendered to the Offer and not withdrawn exceeds the Specified Amount, Absolute will take up and pay for tendered Common Shares on a *pro rata* basis according to the number of Common Shares tendered by each Shareholder, and any Common Shares tendered but not taken up and paid for by Absolute in accordance with this procedure will be returned to the appropriate tendering Shareholders; and

    (k) the aggregate number of Common Shares to be acquired under the Offer will not be determined until the Purchase

Price is calculated using the procedure in paragraph 10(f);

11. Absolute obtained a formal valuation of the Common Shares that is summarized in the Circular;

12. prior to the expiry of the Offer, all information regarding the number of Common Shares tendered and the prices at which the Common Shares are tendered will be kept confidential, and the depository under the Offer will be directed by Absolute to maintain the confidentiality until the Purchase Price is determined;

13. since the Offer is for fewer than all the Common Shares, if the number of Common Shares tendered to the Offer and not withdrawn at or below the Purchase Price exceeds the maximum number of Common Shares that could be purchased for the Specified Amount, the Proportionate Take-Up and Payment Requirement would require Absolute to take up and pay for deposited Common Shares proportionately, according to the number of Common Shares deposited by each Shareholder;

14. the Associated Disclosure Requirement would require disclosure in the Circular that Absolute would, if Common Shares tendered to the Offer and not withdrawn exceeded the maximum number of Common Shares that could be purchased for the Specified Amount, take up such Common Shares proportionately according to the number of Common Shares tendered and not withdrawn by each Shareholder;

15. the Circular:

    (a) discloses the mechanics for the take up and payment for, or return of, Common Shares as described in paragraph 10;

    (b) explains that, by tendering Common Shares at the lowest price in the Range or as a Purchase Price Tender, a Shareholder can reasonably expect that the Common Shares tendered will be purchased at the Purchase Price, subject to pro ration as described in paragraph 10;

    (c) describes the effect that the Offer, if successful, will have on the direct or indirect voting interest of Hummingbird Trust; and

    (d) except to the extent exemptive relief is granted by this decision, contains the disclosure prescribed by the Legislation for issuer bids.

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 Offer, the Proportionate Take-up and Payment Requirement, the Associated Disclosure Requirement and the Number of Securities Requirement, shall not apply to Absolute, provided that Common Shares tendered to the Offer and not withdrawn are taken up and paid for, or returned to the Shareholders, in accordance with the Procedure.

December 10, 2002.

"Brenda Leong"

2.1.2 Barclays Global Investors Canada Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Application - all unitholders of funds replicating certain Government of Canada bonds and tracking certain indexes exempted from formal take-over bid requirements in connection with normal course purchases of units on the Toronto Stock Exchange, provided that such unitholders provide trustee/manager of each fund with an undertaking not to exercise any votes attached to units which represent more than 20% of the votes attached to all outstanding units of the funds.

Applicable Ontario Statute

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 95, 96, 97, 98, 100 and 104(2)(c).

Applicable Ontario Regulation

Regulation under the Securities Act, R.R.O. 1990, Regulation 1015, as amended, s. 203.1(1).

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

AND

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

AND

IN THE MATTER OF
BARCLAYS GLOBAL INVESTORS CANADA LIMITED
("BARCLAYS")

AND

IN THE MATTER OF
iUNITS GOVERNMENT OF CANADA
5-YEAR BOND FUND
iUNITS GOVERNMENT OF CANADA
10-YEAR BOND FUND
(THE "BOND FUNDS")
iUNITS S&P 500 INDEX RSP FUND
iUNITS MSCI INTERNATIONAL
EQUITY INDEX RSP FUND
(THE "SYNTHETIC FUNDS" AND TOGETHER WITH THE BOND FUNDS, THE "FUNDS")

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, Nova Scotia, Newfoundland and Labrador, Yukon and Nunavut (the "Jurisdictions") has received an application from Barclays for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") exempting all unitholders of the Funds from the requirements of the Legislation related to take-over bids, including the requirement to file a report of a take-over bid and the accompanying fee with each applicable Jurisdiction (the "Take-over Bid Requirements") in respect of take-over bids for the Funds;

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 Barclays has represented to the Decision Makers as follows:

1. Each Fund is a trust that has been created under the laws of Ontario, the units of each Fund are listed on the Toronto Stock Exchange (the "TSX"), the head office of each Fund is located in Toronto, Ontario and each Fund is a reporting issuer or its equivalent in every province and territory of Canada.

2. The investment objective of each Bond Fund is to replicate the return of the applicable Government of Canada bond (each, a "Current Canada Bond") with the relevant time to maturity (that is, either five or ten years) as selected by Barclays from time to time. In order to achieve this objective, each of the Bond Funds holds the applicable Current Canada Bond. The Bond Funds receive coupon income on the applicable Current Canada Bond and this coupon income and any other income is held in cash or is invested by the Bond Funds in bond futures contracts and short-term securities. Any income received by the Bond Funds is distributed at least semi-annually. Because each Bond Fund simply holds the applicable Current Canada Bond in order to replicate its return and because each Current Canada Bond is published by Barclays on a daily basis, the market price of units generally tracks the net asset value per unit of the Funds.

3. The investment objective of the Synthetic Funds is to track the performance of the S&P 500 Index and the MSCI EAFE Index, respectively (each, an "Index"). In order to achieve this objective, each Synthetic Fund holds exchange traded futures contracts based on the applicable Index. The market price of the units of the Synthetic Funds tracks the total return (price return plus reinvested dividends) of the relevant Index.

4. Barclays is the trustee of the Funds and as such is responsible for the day-to-day administration of each Fund.

5. Units of a Fund may be purchased directly from the Fund by registered dealers who have entered into an underwriting agreement with the Fund. Each of BMO Nesbitt Burns Inc. ("BMO NB"), RBC Dominion Securities Inc. ("RBC DS"), TD Securities Inc., CIBC World Markets Inc., Scotia Capital Inc. and Merrill Lynch Canada Inc. have entered into underwriting agreements with the Bond Funds and each of BMO NB and RBC DS have entered into underwriting agreements with the Synthetic Funds. The consideration payable by underwriters for units of a Bond Fund consists of an amount of the applicable Current Canada Bonds and a cash component. The consideration payable by underwriters for units of a Synthetic Fund consists of cash.

6. Each Fund has appointed BMO NB and RBC DS as the designated brokers (the "Designated Brokers") to perform certain functions which include standing in the market with a bid and ask price for the Fund's units for the purpose of maintaining market liquidity for the units.

7. Except as described in paragraph 5 and 6 above, units of a Fund may not be purchased directly from the Fund. As a result, investors must generally acquire units through the facilities of the TSX.

8. Individuals who wish to dispose of units must generally do so by selling them through the TSX. In the case of the Bond Funds, unitholders may exchange a number of units that is equal to or greater than a prescribed number of Current Canada Bonds and cash at the units' net asset value. In addition, unitholders may exchange a number of units that is less than the prescribed number of units for Current Canada Bonds and cash at the units' net asset value less a 5% redemption processing fee. In all cases, the exchange price is payable by delivery of Current Canada Bonds in minimum denominations of $1,000 and, as applicable, cash.

9. In the case of the Synthetic Funds, unitholders may redeem a number of units that is equal to or greater than a prescribed number for cash at the units' net asset value.

10. Unitholders of each of the Funds may also redeem a number of units that is less than the applicable prescribed number for cash at a redemption price per unit equal to 95% of the closing trading price of such units on the effective day of the redemption.

11. As the units of each Fund are both voting and equity securities for purposes of the Take-over Bid Requirements, anyone acquiring beneficial ownership of, or the power to exercise control or direction over, 10% or more of the outstanding units of a Fund would be required to comply with the early warning press release and reporting requirements, as well as the further acquisition restrictions, imposed by the Legislation (the "Early Warning Requirements") but for section 3.3 of National Instrument 62-103 which provides that the Early Warning Requirements do not apply in respect of the ownership or control of securities issued by a mutual fund that is governed by National Instrument 81-102.

12. There is no exemption from the Take-over Bid Requirements for conventional mutual funds that is comparable to the exemption from the Early Warning Requirements in section 3.3 of National Instrument 62-103 (in Quebec, the exemption from Early Warning Requirements was granted pursuant to discretionary relief orders) because the securities of conventional mutual funds are not typically subject to the Take-over Bid Requirements because acquisitions of conventional mutual funds are made from treasury.

13. Although units of the Funds trade on the TSX and the acquisition of such units can therefore become subject to the Take-over Bid Requirements,

    (a) it is not possible for one or more Fund unitholders to exercise control or direction over a Fund as the constating document of each Fund generally ensures that there can be no changes made to the Fund which do not have the support of the trustee of the Fund;

    (b) it is difficult for purchasers of units of the Funds to monitor compliance with Take-over Bid Requirements because the number of outstanding units is always in flux as a result of the ongoing issuance and redemption of units by the Funds; and

    (c) the way in which Fund units are priced deters anyone from either seeking to acquire control, or offering to pay a control premium, for outstanding units because unit pricing is dependent upon, in the case of the Bond Funds, the value of the applicable Current Canada Bond, and, in the case of the Synthetic Funds, the level of the relevant Index.

14. The application of the Take-over Bid Requirements to the Funds can have an adverse impact upon Fund unit liquidity because they can cause both the Designated Broker and hedgers to cease trading Fund units once prescribed take-over bid thresholds are reached and this, in turn, can serve to provide conventional mutual funds with a competitive advantage over the Funds.

AND WHEREAS pursuant to the System 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 that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the purchase of the units of a Fund by a person or company (a "Unit Purchaser") in the normal course through the facilities of the TSX is exempt from the Take-over Bid Requirements for so long as the Fund remains an exchange traded fund provided that, prior to making any take-over bid for the units of the Fund that is not otherwise exempt from the Take-over Bid Requirements, the Unit Purchaser, and any person or company acting jointly or in concert with the Unit Purchaser (a "Concert Party"), provide Barclays, as trustee and manager of the Funds, with an undertaking not to exercise any votes attached to units of the Fund held by the Unit Purchaser and any Concert Party which represent more than 20% of the votes attached to all outstanding units of the Fund.

December 18, 2002.

"Theresa McLeod" "Robert L. Shirriff"

2.1.3 Assante Asset Management Ltd. - MRRS Decision

Headnote

Variation of a prior order to permit investments by mutual funds directly in securities of other mutual funds - exempted from the reporting requirements and self-dealing prohibitions of s.113 and s. 117.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5., as am., ss. 111(2)(b), 111(3), 117(1)(a), 117(1)(d), and 144.

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

AND

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

AND

IN THE MATTER OF
ASSANTE ASSET MANAGEMENT LTD.
ARTISAN CANADIAN T-BILL PORTFOLIO
ARTISAN MOST CONSERVATIVE PORTFOLIO
ARTISAN CONSERVATIVE PORTFOLIO
ARTISAN MODERATE PORTFOLIO
ARTISAN RSP MODERATE PORTFOLIO
ARTISAN GLOBAL ADVANTAGE PORTFOLIO
ARTISAN RSP GLOBAL ADVANTAGE PORTFOLIO
ARTISAN GROWTH PORTFOLIO
ARTISAN RSP GROWTH PORTFOLIO
ARTISAN HIGH GROWTH PORTFOLIO
ARTISAN RSP HIGH GROWTH PORTFOLIO
ARTISAN MAXIMUM GROWTH PORTFOLIO
ARTISAN RSP MAXIMUM GROWTH PORTFOLIO
ARTISAN NEW ECONOMY PORTFOLIO
(the "Existing Portfolios")

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Assante Asset Management Ltd. (the "Manager") for a decision by each Decision Maker (collectively, the "Decision") under securities legislation of the Jurisdictions (the "Legislation") revoking and replacing the MRRS decision document dated October 25, 2000 entitled *In the Matter of Assante Asset Management Ltd.* (the "Existing Decision") which decided that the Restrictions (as defined in the Existing Decision) did not apply to the Manager or the Portfolios (as defined in the Existing Decision), as the case may be, in respect of certain investments to be made by the Portfolios in units of the Underlying Funds (as defined in the Existing Decision);

AND WHEREAS the Manager, as manager of the Existing Portfolios and any other mutual fund (the "Future Portfolios") established and managed by the Manager after the date of this Decision which has as its investment objective the investment of its assets in more than one Underlying Fund (as defined below) (the Existing Portfolios and the Future Portfolios together, the "Portfolios") has applied for a decision pursuant to the Legislation that the following requirements and restrictions contained in the Legislation (the "Restrictions") shall not apply to the purchase and redemption by a Portfolio of units of an Underlying Fund (as defined below):

1. the restriction in the Legislation prohibiting a mutual fund from knowingly making 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 security holder;

2. the restriction in the Legislation that no mutual fund or its management company or its distribution company shall knowingly hold 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 security holder; and

3. the requirements contained in the Legislation that a management company or mutual fund manager file a report of every transaction of purchase or sale of securities between a mutual fund it manages and any related person or company and any transaction in which, by arrangements other than an arrangement relating to insider trading in portfolio securities, a mutual fund is a joint participant with one or more of its related persons or companies, in respect of each mutual fund to which it provides services or advice, within 30 days after the end of the month in which it occurs.

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 the Manager has represented to the Decision Makers that:

A. Other than cash or cash equivalents, the securities in which each Portfolio invests are mutual funds qualified for sale under a simplified prospectus and annual information form ("Underlying Funds") managed by mutual fund managers (the "Underlying Managers") considered by the Manager to excel in particular investment niches. The Underlying Managers have been chosen by the Manager on the basis of their management style, their choice of sub-advisers and other consultants, their efficiency of administration, the calibre of their reporting procedures, the performance of their portfolios and their risk tolerance levels.

B. Each Portfolio invests specified percentages (the "Fixed Percentages") of its assets in specified Underlying Funds.

C. At the time the Existing Decision was granted, the following four Portfolios (collectively, the "Four Portfolios") were invested in Underlying Funds which were themselves 100% exposed to or directly invested in other mutual funds that, for tax purposes, are considered Canadian content for registered plans ("RSP Clone Funds") in the following Fixed Percentages:

Artisan Conservative Portfolio (formerly Artisan RSP Conservative Portfolio):

C.I. Global Bond RSP Fund	2%

Artisan RSP Moderate Portfolio:

C.I. Global Bond RSP Fund	2%
C.I. Global Equity RSP Fund	4%

Artisan RSP Growth Portfolio (formerly, Artisan RSP Aggressive Portfolio):

C.I. Global Bond RSP Fund	5%
C.I. Global Equity RSP Fund	7%
C.I. American RSP Fund	6%
Global Strategy RSP Europe Plus Fund (formerly, Global Strategy Diversified Europe Fund)	2%

Artisan RSP High Growth Portfolio (formerly, Artisan RSP Most Aggressive Portfolio):

C.I. Global Bond RSP Fund	5%
C.I. Global Equity RSP Fund	9%
C.I. American RSP Fund	12%
Global Strategy RSP Europe Plus Fund (formerly, Global Strategy Diversified Europe Fund)	6%

D. Currently, no Portfolio invests in RSP Clone Funds or any other mutual funds whose investment objectives include investing directly or indirectly in other mutual funds ("Funds-of-Funds").

E. The Portfolios have applied for and received, from each of the Jurisdictions, an MRRS decision document, the Existing Decision, allowing each of those Portfolios to invest its assets in an Underlying Fund of which it is a substantial securityholder and exempting those Portfolios from certain reporting requirements.

F. The Manager is now applying to have condition #8 of the Existing Decision no longer apply to the purchase and redemption by a Portfolio of units of an Underlying Fund, that is:

"8. no Portfolio will hold greater than 20% of any class or series of a class of an

Underlying Fund, and if at any time a Portfolio exceeds the 20% limit (the "Investment Limit"), such Portfolio will:

(a) as soon as practicable, allocate the excess amount, on a pro rata basis, to other Underlying Funds within the same asset class as the Underlying Fund in which the Investment Limit is exceeded; and,

(b) give notice to unitholders of the re-allocation within 30 days after the reallocation;".

AND WHEREAS this MRRS Decision Document evidences the decision of each of the Decision Makers (the "Decision");

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Existing Decision is hereby revoked and replaced with the following Decision with effect as of, and from, the date hereof;

AND THE DECISION of the Decision Makers pursuant to the Legislation is that the Restrictions do not apply to the acquisition or redemption of units of an Underlying Fund by a Portfolio, provided that the following conditions are satisfied in respect of each transaction:

1. each of the Portfolios is a reporting issuer or the equivalent under the Legislation and is not in default of the requirements of the Legislation;

2. the investment objectives of each Underlying Fund are compatible with the investment objectives of the applicable Portfolio;

3. none of the Portfolios will invest in an Underlying Fund whose investment objective includes investing directly or indirectly in other mutual funds (i.e. RSP Clone Funds or Fund-of-Funds);

4. despite condition 3, the Four Portfolios will have divested themselves of all investments in the RSP Clone Funds identified in recital C above on or before January 2, 2001;

5. any of the Four Portfolios that continues to be invested after January 2, 2001 in the RSP Clone Funds identified in recital C above shall immediately cease distribution in the Jurisdictions;

6. despite condition 3, if an Underlying Fund, not managed by the Manager or an affiliate of the Manager, changes its investment objective to include investing directly or indirectly in other mutual funds (i.e. converts to an RSP Clone Fund or a Fund-of-Funds), the Portfolio holding that Underlying Fund will take steps to eliminate that Underlying Fund from its holdings as quickly as commercially reasonable but in no circumstances later than 90 days from the effective date of the change in investment objective of the Underlying Fund;

7. the units of each of the Portfolios and the securities of each Underlying Fund purchased by a Portfolio are offered for sale in the Jurisdictions pursuant to a simplified prospectus which has been filed with and accepted by the Decision Makers;

8. each Portfolio invests its assets (exclusive of cash and cash equivalents) in Underlying Funds in accordance with the Fixed Percentages disclosed in the simplified prospectus of the Portfolios, subject to a permitted variation above or below such Fixed Percentages to account for market fluctuations of not more than:

   (i) 2.5% in respect of Underlying Funds which have a Fixed Percentage of 3.0% or more;

   (ii) 0.5% in respect of Underlying Funds which have a Fixed Percentage of less than 3.0%,

   (In each case, the "Permitted Variation");

9. if at any time, the assets of a Portfolio that are invested in Underlying Funds deviate from the Permitted Variation, the necessary changes are made to the applicable Portfolio's assets as at the next valuation date of the Portfolio in order to adjust the Portfolio's assets back to the Fixed Percentages;

10. the Fixed Percentages and the Underlying Funds in which a Portfolio may invest cannot be changed unless and until a new simplified prospectus or an amended simplified prospectus is filed and receipted to reflect the proposed change, and the existing unitholders of the Portfolio are given at least 60 days prior written notice of the proposed change ("Notice of Change");

11. despite condition 10, the Fixed Percentages of the RSP Clone Funds held by the Four Portfolios cannot be increased from the Fixed Percentages set out in recital C above;

12. the simplified prospectus of each Portfolio discloses the name, investment objectives, and manager of the Underlying Funds, the Fixed Percentages and Permitted Variation of each Underlying Fund, and the notice and amendment requirements of condition 10;

13. despite condition 10, the Four Portfolios are not required to file a prospectus amendment or give Notice of Change for the removal of the RSP Clone Funds if;

    (a) the simplified prospectus of each of the Four Portfolios discloses the names of the Underlying Funds that will replace the RSP Clone Funds or into which money currently invested in RSP Clone Funds will be invested (the "Replacement Funds") on or before January 2, 2001, and the revised Fixed Percentages; and

    (b) the Manager of each of the Four Portfolios files on SEDAR (under project number 281125) a written certification from the Manager that all RSP Clone Funds identified in recital C above have been removed from the Four Portfolios, which certification will include the names of all Replacement Funds and the revised Fixed Percentages;

14. despite condition 10, where a Portfolio is required to remove an Underlying Fund in order to comply with condition 6, the Underlying Fund cannot be changed unless and until a new simplified prospectus or an amended simplified prospectus is filed and receipted to reflect the proposed change, and existing unitholders of the Portfolio are given at least 30 days prior written notice of the proposed change;

15. the simplified prospectus of each Portfolio shall disclose:

    (a) that any management fee rebate payable by an Underlying Manager or its affiliates or associates to the Manager in respect of any Portfolio's investment in such Underlying Fund will be retained by the Manager and not passed on to the Portfolio; and

    (b) the percentage of the aggregate management fee charged by the Manager that is paid or otherwise accrues to the benefit of the Underlying Managers and the percentage that is paid or otherwise accrues to the benefit of the Manager and/or any of its affiliates or associates;

16. any management fee rebate paid to the Manager or its affiliates or associates will be reflected in the notes to the financial statements of the Portfolios;

17. a Notice of Change shall:

    (a) include the same disclosure that is in the simplified prospectus concerning the payment of management fee rebates from the Underlying Managers to the Manager; and

    (b) disclose any change in trailing fee or management fee rebate, if the trailing fee or management fee rebate to be paid by the Underlying Fund will be higher;

18. the trailing fees in respect of the Portfolios' investments in Underlying Funds that are paid to the Manager or its affiliates or associates will be no more than that which could be paid by the Underlying Managers to any dealer selling the Underlying Funds in accordance with the disclosure in the simplified prospectus of the Underlying Funds and in the simplified prospectus of the Portfolios;

19. the simplified prospectus shall disclose the trailing fees paid by the Manager or its affiliates or associates in respect of units of the Portfolios as a percentage of the aggregate amount of trailing fees received by the Manager or its affiliates or associates from the Underlying Managers in respect of securities of the Underlying Funds purchased by the Portfolios;

20. the frequency of calculation of the net asset value of a Portfolio and of the Underlying Funds of the Portfolio are compatible for the purpose of the issue and redemption of units of the Portfolio and Underlying Funds;

21. no sales charges are payable by a Portfolio in relation to its purchases of the units of its Underlying Funds;

22. no redemption fees or other charges are charged by an Underlying Fund in respect of the redemption by a Portfolio of the units of the Underlying Funds owned by the Portfolio;

23. the arrangements between or in respect of a Portfolio and the Underlying Funds are such as to avoid duplication of management fees;

24. other than the management fee rebates and trailing fees received in compliance with this Decision, and management fees as disclosed in the simplified prospectus, no fees and charges of any sort are paid by a Portfolio, an Underlying Fund, the manager or principal distributor of the Portfolio or Underlying Fund, or by any affiliate or associate of any of the foregoing entities, to anyone in respect of the Portfolio's purchase, holding or redemption of the securities of the Underlying Fund;

25. in the event of the provision of any notice to the unitholders of an Underlying Fund, as required by the constating documents of the Underlying Fund or by the laws applicable to the Underlying Fund, such notice will also be delivered to the

unitholders of each Portfolio that then holds units of the Underlying Fund; all voting rights attached to the units of the Underlying Funds will be passed through to the unitholders of the applicable Portfolio; in the event that a meeting of the unitholders of the Underlying Fund is convened, all of the disclosure and notice material prepared in connection with such meeting will be provided to unitholders of the relevant Portfolio and such unitholders will be able to direct the Manager to vote the Portfolio's holdings in the Underlying Fund in accordance with their direction; where a matter relating to an Underlying Fund requires a vote of security holders of an Underlying Fund (other than regular business conducted at an annual meeting of an Underlying Fund which is a corporation - i.e. the election of directors and the appointment of auditors), the Manager will either hold a meeting of unitholders of each Portfolio which holds securities of the Underlying Fund or will give unitholders of each such Portfolio the opportunity to vote by proxy without holding a meeting, the Manager will cause the securities of the Underlying Fund held by such Portfolio to be voted in the same proportions as unitholders of the Portfolio have voted;

26. the simplified prospectus of the Portfolios discloses that the simplified prospectus and annual information forms of the Underlying Funds are available upon request and unitholders will receive the annual and, upon request, the semi-annual financial statements of the Portfolios, together with (i) appropriate summary disclosure in the financial statements of each Portfolio concerning each Underlying Fund in which it invests; or (ii) upon request, the annual and semi-annual financial statements of each applicable Underlying Fund in either a combined report containing both the Portfolio and Underlying Fund financial statements, or in a separate report containing Underlying Fund financial statements;

27. each investment by a Portfolio in an Underlying Fund represents the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Portfolios;

28. the relief set out in this Decision shall terminate one year after publication in final form of any legislation or rule of the Decision Makers which deals with the matters addressed by section 2.5 of NI 81-102.

December 20, 2002.

"Robert W. Korthals" "Harold P. Hands"

2.2 Orders

2.2.1 ZENON Environmental Inc.

Headnote

Direct and indirect issuer bids resulting from a reorganization transaction involving issuer and largest shareholder holding company, followed by the holding company's dissolution - issuer bids exempt from sections 95, 96, 97, 98 and 100 where the purpose of the transaction is to enable shareholders to directly own shares previously held indirectly through their holding company - beneficial shareholders to provide indemnity and reimbursement to the issuer and its directors - transaction unanimously approved by disinterested board of directors - assessment of tax consequences provided by issuer's auditor - no adverse economic or tax impact or prejudice to issuer or public shareholders. Treasury shares issued to replace cancelled shares exempt from hold period requirements.

Subsection 59(1) of Schedule I - issuer is exempt from payment of the fee otherwise payable pursuant to clause 23(1) and 32(1)(b) of Schedule I to the Regulation in respect of reorganization transaction exempted from the issuer bid requirements pursuant to an order under clause 104(2)(c), where the transaction did not result in any change to the share ownership structure of the issuer, subject to the requirement that a minimum fee of $800 be paid.

Applicable Ontario Statute

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 93(1)(c), 95, 96, 97, 98, 100, and 104(2)(c).

Applicable Ontario Regulation

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 23(1), 32(1)(b) and 59(1) of Schedule I.

Applicable Multilateral Instrument

Multilateral Instrument 45-102 Resale of Securities, ss. 2.8 and 4.1(1)

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

AND

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

AND

IN THE MATTER OF
ZENON ENVIRONMENTAL INC.

ORDER

UPON the application (the "Application") of ZENON Environmental Inc. ("ZENON") to the Ontario Securities Commission (the "Commission") for an order pursuant to:

(a) subsection 104(2)(c) of the Act that the direct and indirect acquisitions by ZENON of certain of its common shares pursuant to a proposed triangular amalgamation transaction (the "Triangular Amalgamation") and subsequent winding up transaction (the "Winding Up") described below, shall be exempt from the requirements of sections 95, 96, 97, 98 and 100 of the Act (the "Issuer Bid Requirements");

(b) subsection 59(1) of Schedule I of the Regulation ("Schedule I") that ZENON be exempt from the requirements under subsections 23 and 32(1)(b) of Schedule I (the "Fee Requirements") to pay fees in connection with the Triangular Amalgamation and in connection with the filing of a report of an issuer bid in respect of the Triangular Amalgamation and the Winding Up, provided that a minimum fee of $800, as prescribed by Schedule I, is paid; and

(c) subsection 4.1(1) of Multilateral Instrument 45-102 *Resale of Securities* ("MI 45-102") that, subject to certain terms of escrow described below, the resale of the Treasury Shares (as defined below) acquired by Dr. Andrew Benedek in connection with the Triangular Amalgamation shall be exempt from the requirement provided in subsection 2.8(2)(2) of MI 45-102 that such Treasury Shares be held for at least four months prior to being resold (the "Hold Period Requirement").

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

AND UPON ZENON having represented to the Commission as follows:

1. ZENON is a reporting issuer in Ontario and is not in default under the Act or the Regulation.

2. The authorized capital of ZENON consists of: (i) an unlimited number of common shares ("Common Shares"); (ii) an unlimited number of non-voting class A shares ("Non-Voting Class A Shares") and (iii) an unlimited number of

preference shares issuable in series, of which only one series consisting of 300,000 Series I Preference Shares has been authorized and issued. As of November 21, 2002, there were 21,566,990 Common Shares and 5,911,000 Non-Voting Class A Shares of ZENON issued and outstanding.

3. The Common Shares and the Non-Voting Class A Shares are listed for trading on the Toronto Stock Exchange (the "TSX").

4. Neolana Holdings Inc. ("Neolana") currently owns 7,794,584 Common Shares, representing approximately 38% of the issued and outstanding Common Shares (the "Neolana ZENON Shares").

5. Neolana is a private holding company owned by Dr. Andrew Benedek, who holds all of the 2,228,713 outstanding preference shares of Neolana, and The Inverness Trust (the "Trust"), which holds all of the 100 outstanding common shares of Neolana (collectively, the "Neolana Holders"). The Trust is a Barbados resident trust whose trustees are Peter N. Boos and Rosalind E. Jackson. The voting of the Neolana ZENON Shares is directed by Dr. Andrew Benedek, who is the Chairman and Chief Executive Officer of ZENON.

6. Neolana has held the Neolana ZENON Shares since March 29, 1996 and Dr. Andrew Benedek has held preference shares of Neolana since March 29, 1996.

7. Neolana does not carry on any active business and has no assets other than cash and the Neolana ZENON Shares. The only outstanding liabilities of Neolana are for taxes not yet due resulting from the profit made by Neolana on the sale of certain Common Shares during Neolana's current fiscal year. Neolana holds sufficient cash to satisfy such liabilities for taxes.

8. The Triangular Amalgamation will be effected pursuant to the terms of an amalgamation agreement between Neolana, a corporation to be incorporated as a wholly-owned subsidiary of ZENON ("Newco"), and ZENON. Pursuant to such amalgamation agreement, Neolana and Newco will continue as Neolana Holdings Inc. ("Amalco") and the Neolana Holders will be issued 7,794,584 new Common Shares (such new Common Shares collectively being the "Treasury Shares") in exchange for their 2,228,713 Neolana preference shares and 100 Neolana common shares.

9. The effect of the Triangular Amalgamation will be that, upon completion, Amalco will be a wholly-owned subsidiary of ZENON and the Neolana Holders will hold 7,794,584 Common Shares of ZENON directly, rather than indirectly through Neolana.

10. Immediately after the completion of the Triangular Amalgamation, Amalco will satisfy Neolana's outstanding tax liabilities and distribute its remaining assets, including the Neolana ZENON Shares, to ZENON pursuant to the voluntary Winding Up of Amalco to be completed in accordance with the provisions of Part XVI of the *Business Corporations Act* (Ontario). As a consequence thereof, the Neolana ZENON Shares will be cancelled and the number of issued and outstanding Common Shares will not be altered by the Triangular Amalgamation.

11. The purpose of the Triangular Amalgamation is to achieve a structure whereby each Neolana Holder will have direct ownership over Common Shares of ZENON, rather than indirect ownership of Common Shares of ZENON through Neolana.

12. ZENON's disinterested directors have determined that the Triangular Amalgamation will not be prejudicial to ZENON or its shareholders from a legal or financial point of view. ZENON's board of directors (the "Board") formed an independent special committee (the "Special Committee") to review the proposed terms of the Triangular Amalgamation and to make a recommendation to the Board regarding its implementation. The Special Committee retained counsel to advise on this matter. Based upon a review of the proposed terms of the Triangular Amalgamation, and subject to entering into appropriate definitive agreements acceptable to the Special Committee, the Special Committee has unanimously recommended to the Board that ZENON proceed with the Triangular Amalgamation. The Board, with Dr. Andrew Benedek declaring his interest, abstaining from voting in respect thereof and excusing himself from all deliberations related thereto, has approved ZENON's participation in the Triangular Amalgamation. In making its determination to proceed with the Triangular Amalgamation, the Board has considered both the Special Committee's recommendation and an assessment of the tax consequences of the Triangular Amalgamation prepared by McInnes Cooper, special tax counsel to the Special Committee.

13. The Neolana Holders have agreed to jointly and severally indemnify and save harmless ZENON from all losses or liabilities that ZENON may suffer as a result of the Triangular Amalgamation (the "Indemnity"). As security for these indemnification obligations, on completion of the Triangular Amalgamation, the Neolana Holders will pledge certain of their respective Treasury Shares with a third party escrow agent to be held in escrow for four years pursuant to the terms of share pledge agreements between each of the Neolana Holders and ZENON, such escrow agent having the authority to sell such Treasury Shares and use the proceeds thereof to satisfy claims made by ZENON against the Neolana Holders pursuant to

the Indemnity. In the case of Dr. Benedek, 30% of the Treasury Shares issued to him pursuant to the Triangular Amalgamation will be placed in escrow for a period of four years. In the case of the Trust, 100% of the Treasury Shares issued to it pursuant to the Triangular Amalgamation will initially be placed in escrow. If the Trust is would up prior to the 2002 calendar year end (which wind up is required to satisfy certain assumptions contained in the tax opinion of special tax counsel), then 70% of the Trust's Treasury Shares will be released from escrow and the balance, being 30% of the Trust's Treasury Shares will remain in escrow for the balance of the four year period described above.

14. Neolana and the Neolana Holders have agreed to pay all costs (including legal and accounting costs) incurred by ZENON in effecting the Triangular Amalgamation.

15. The issuance of the Treasury Shares is subject to approval by the TSX.

16. The number of issued and outstanding Common Shares of ZENON will not change as a result of the completion of the Triangular Amalgamation and Winding Up. In addition, the Neolana Holders, as well as the public shareholders of ZENON (the "Public Shareholders"), will beneficially own the same aggregate number and the same relative percentages of Common Shares of ZENON that they owned immediately prior to the Triangular Amalgamation and will have the same rights and benefits in respect of such Common Shares that they currently have.

17. The Triangular Amalgamation will have no adverse economic effect on, or adverse tax consequences to, and will in no way prejudice ZENON or the Public Shareholders.

18. The ownership of Amalco, which will acquire the Neolana ZENON Shares pursuant to the Amalgamation Agreement will constitute an "issuer bid" within the meaning of section 92 and subsection 89(1) of the Act. Furthermore, the acquisition by ZENON of Common Shares in connection with the Winding Up will also constitute an issuer bid within the meaning of section 92 of the Act. In neither case would the exemptions from the requirements of Part XX of the Act that are generally available to issuer bids apply in connection with the Triangular Amalgamation or the Winding Up.

19. The Triangular Amalgamation will also constitute a related party transaction for the purposes of Commission Rule 61-501 *Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions* ("Rule 61-501"). However, because the Triangular Amalgamation does not and will not have any adverse tax or other consequences to ZENON or the Public Shareholders ZENON will be exempt from the independent valuation and minority shareholder approval requirements of Rule 61-501 pursuant to subsections 5.6(12) and 5.8(3) of Rule 61-501.

20. The indirect acquisition of the Neolana ZENON Shares by ZENON will be exempt from the requirements of sections 25 and 53 of the Act by virtue of section 72(1)(k) of the Act.

21. The issuance of the Treasury Shares to the Neolana Holders in connection with the Triangular Amalgamation will be exempt from the registration and prospectus requirements of sections 25 and 53 of the Act pursuant to section 2.8 of Commission Rule 45-501 *Exempt Distributions*.

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

IT IS ORDERED pursuant to subsection 104(2)(c) of the Act that the direct and indirect acquisitions of the Neolana ZENON Shares by ZENON pursuant to the Triangular Amalgamation and Winding Up be exempt from the Issuer Bid Requirements; and

IT IS FURTHER ORDERED pursuant to subsection 59(1) of Schedule I that ZENON is exempt from the Fee Requirement in connection with the Triangular Amalgamation and Winding Up, provided that a minimum fee of $800.00 prescribed by Schedule I is paid.

December 13, 2002.

"Robert W. Korthals" "Harold P. Hands"

IT IS FURTHER ORDERED pursuant to subsection 4.1(1) of MI 45-102 that, subject to the terms of escrow set out in paragraph 13 above, the resale of the Treasury Shares acquired by Dr. Andrew Benedek in connection with the Triangular Amalgamation shall not be subject to the Hold Period Requirement.

December 13, 2002.

"Ralph Shay"

2.2.2 Ottawa Senators Hockey Club 2002 Limited Partnership and Ottawa Senators Hockey Club 2001 Limited Partnership - s. 147

Headnote

Section 147 – partnership proposing to distribute limited partnership units through private placement – principle business of partnership will be acquiring, holding and exploiting ownership interest in second partnership – upon completion of private placement, first partnership will use funds to subscribe for units of second partnership – partnerships not "affiliates" for technical reasons – second partnership exempt from requirement to pay fees and file Form 41-501F1 in connection with investment by first partnership

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 (2001) 24 OSCB 7011, ss. 1.1, 7.1, 7.3, 7.5.

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

AND

IN THE MATTER OF
OSHC 2002 LIMITED PARTNERSHIP AND
OTTAWA SENATORS HOCKEY CLUB 2001
LIMITED PARTNERSHIP

ORDER
(Section 147)

UPON the application (the "Application") of Ottawa Senators Hockey Club 2002 Limited Partnership (the "Operating Partnership") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 147 of the Act exempting the Operating Partnership from the requirements to file a Form 45-501F1 under section 7.5 of Commission Rule 45-501 *Exempt Distributions* (Rule "45-501") and to pay the corresponding fee under section 7.3 of such rule in connection with the distribution of limited partnership units (the "OP Units") of the Operating Partnership to OSHC 2002 Limited Partnership (the "Offering Partnership") in reliance on the registration and prospectus exemption contained in section 2.3 of Rule 45-501;

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

AND UPON the Operating Partnership having represented to the Commission as follows:

1. The Offering Partnership is a limited partnership formed on May 31, 2001 pursuant to the *Limited Partnerships Act* (Ontario). The general partner of the Offering Partnership is Norfolk-Senators GP Limited, a corporation incorporated pursuant to the laws of Ontario.

2. The principal business of the Offering Partnership will consist of acquiring, holding and exploiting an ownership interest in the Operating Partnership.

3. The Offering Partnership is proposing to sell Class A limited partnership units (the "Class A Units") on a prospectus exempt basis to purchasers in the Provinces of Ontario, Alberta, British Columbia, Saskatchewan, Manitoba, Quebec and Nova Scotia (the "Offering") pursuant to an offering memorandum dated as of October 7, 2002 (the "Offering Memorandum").

4. The distribution of the Class A Units to residents of Ontario will be made in reliance on the registration and prospectus exemptions contained in section 2.3 of Rule 45-501.

5. In connection with the distribution to Ontario residents of the Class A Units, the Offering Partnership will be required to file a Form 45-501F1 and pay the fee prescribed by section 7.3 of Rule 45-501 being 0.02% of the proceeds realized from purchasers in Ontario. The aggregate proceeds from the Offering are anticipated to be approximately $249,260,900. If all Class A Units were sold to Ontario residents, the fee payable by the offering partnership would be $49,852.18.

6. Of the proceeds from the Offering, approximately $206,240,300 will be used by the Offering Partnership to acquire OP Units of the Operating Partnership.

7. The Operating Partnership is a limited partnership formed on May 31, 2001 pursuant to the *Limited Partnerships Act* (Ontario). The general partner of the Operating Partnership is OSHC 2001 Management Corporation, a corporation incorporated pursuant to the laws of Ontario.

8. The principal business of the Operating Partnership is the ownership and operation of the Ottawa Senators Hockey Club.

9. The general partner of the Operating Partnership and the general partner of the Offering Partnership have a common ownership structure comprising the same group of individuals.

10. The Offering Partnership and the Operating Partnership are not, and currently have no intention of becoming, reporting issuers or the equivalent in any jurisdiction in Canada.

11. The OP Units will be distributed by the Operating Partnership to the Offering Partnership in reliance

on section 2.3 of Rule 45-501. The Offering Partnership will be a "accredited investor" for the purposes of Rule 45-501 at the time of the distribution pursuant to subparagraph (f) of the definition of "accredited investor" contained in section 1 of the rule.

12. In connection with the distribution of the OP Units to the Offering Partnership, the Operating Partnership will be required to file a Form 45-501F1 and pay a fee pursuant to section 7.3 of Rule 45-501 in the amount of $41,248.06.

13. The Offering is being made by the Offering Partnership as opposed to being made directly by the Operating Partnership in order to provide investors with certain tax benefits. By investing in the Offering Partnership the investors are indirectly acquiring an interest in the Ottawa Senators Hockey Club.

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 Operating Partnership is exempt from the form and fee requirements prescribed by section 7.5 and 7.3 of Rule 45-501, respectively, in connection with the distribution of the OP Units by the Operating Partnership to the Offering Partnership in conjunction with the Offering.

December 17, 2002.

"Mary Theresa McLeod" "Harold P. Hands"

2.2.3 Young-Shannon Gold Mines, Limited - s. 144

Headnote

Section 144 – full revocation of cease trade order upon remedying of defaults – issuer not a shell issuer – issuer not contemplating a reverse takeover or similar transaction.

Statutes Cited

Securities Act, R.S.O., c. S.5, as am., ss. 127 and 144.

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

AND

IN THE MATTER OF
YOUNG-SHANNON GOLD MINES, LIMITED

ORDER
(Section 144)

WHEREAS the securities of Young-Shannon Gold Mines, Limited (the "Applicant") currently are subject to a temporary order made on May 25, 2001 by the Director on behalf of the Ontario Securities Commission (the "Commission") pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, as extended by a further order made on June 8, 2001 by the Director on behalf of the Commission pursuant to subsection 127(8) of the Act (collectively, the "Cease Trade Order"), directing that trading in securities of the Applicant cease until the Cease Trade Order is revoked by a further order of revocation;

AND WHEREAS the Applicant has made an application to the Director pursuant to section 144 of the Act for an order revoking the Cease Trade Order;

AND WHEREAS the Applicant has represented to the Director that:

1. The Applicant was incorporated under the *Business Corporations Act* (Ontario) on January 13, 1932 and became a reporting issuer under the Act on January 29, 1932;

2. The Applicant is a reporting issuer in the Provinces of Alberta, British Columbia and Ontario;

3. The Applicant is authorized to issue an unlimited number of common shares of which 9,917,162 common shares are issued and outstanding;

4. The common shares of the Applicant are listed on the TSX Venture Exchange (the "TSX-V") but trading in such shares has been suspended as a result of the Cease Trade Order. The Applicant intends to apply for this suspension to be lifted as soon as the Cease Trade Order is revoked and

there is a reasonable likelihood that the Applicant's shares will be reinstated for trading on the TSX-V;

5. The Cease Trade Order was issued as a result of the Applicant's failure to file and deliver its annual audited financial statements for the year ended December 31, 2000 (the "Financial Statements"). The Applicant was unable to file the Financial Statements as a result of financial difficulties;

6. Due to continued financial hardship, the Applicant subsequently failed to file in a timely manner its interim unaudited financial statements for the periods ended March 31 and June 30 for each of 2001 and 2002 and for September 30 of 2001 and its annual audited financial statements for the year ended December 31, 2001 (collectively, the "Subsequent Financial Statements");

7. The Financial Statements and Subsequent Financial Statements were filed on SEDAR on September 24, 2002 and amended copies of the Financial Statements and amended copies of the Subsequent Financial Statements were filed on SEDAR on November 27, 2002. Further amended copies of the Applicant's annual audited financial statements for the period ended December 31, 2001, were filed on SEDAR on December 5, 2002;

8. The Applicant held an annual meeting of shareholders on November 15, 2002. Copies of the audited annual financial statements for the years ended December 31, 2000 and 2001 were mailed to all shareholders prior to this meeting;

9. The Applicant is also subject to a cease trade order of the British Columbia Securities Commission (the "BCSC") dated May 29, 2001 and the Alberta Securities Commission (the "ASC") dated October 12, 2001. The Applicant has applied concurrently to the BCSC and the ASC for a revocation of the BCSC and the ASC cease trade orders;

10. The Applicant is not considering and is not involved in any discussion relating to a reverse takeover or similar transaction;

11. Except for the Cease Trade Order, the Applicant has not been subject to any previous cease trade orders issued by the Commission;

12. Except for the Cease Trade Order, the Applicant is not otherwise in default of any requirements of the Act or any regulations made thereunder;

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

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

December 13, 2002.

"John Hughes"

2.2.4 Talvest Fund Management Inc. - ss. 59(1) of Sched. I 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
TALVEST FUND MANAGEMENT INC.

ORDER
(Subsection 59(1) of Schedule I of the Regulation made under the Act (the "Regulation"))

UPON the application of Talvest Fund Management Inc. ("Talvest") the manager and trustee of Talvest Asian RSP Fund, Talvest European RSP Fund, Talvest International Equity RSP Fund, Talvest Global Resource RSP Fund, Talvest Global Multi Management RSP Fund and Talvest Value Line U.S. Equity RSP Fund (the "RSP Funds"), and other similar funds established by Talvest from time to time (together with the RSP Funds, the "RSP Top Funds"), and the manager and trustee of Talvest Global Multi Management Fund and Talvest Cdn. Multi Management Fund (the "Non-RSP Funds"), and other similar funds established by Talvest from time to time (together with the Non-RSP Funds, the "Non-RSP Top Funds" and collectively with the RSP Top Funds, the "Top Funds"), and the manager and trustee of Talvest Asian Fund, Talvest Cdn. Equity Growth Fund, Talvest Cdn. Equity Leaders Fund, Talvest European Fund, Talvest Global Equity Fund, Talvest Global Health Care Fund, Talvest Global Resource Fund, Talvest Global Science & Technology Fund, Talvest Global Small Cap Fund, Talvest International Equity Fund, Talvest Millennium Next Generation Fund, Talvest Small Cap Cdn. Equity Fund and Talvest Value Line U.S. Equity Fund (the "Existing Underlying Funds") for an order pursuant to subsection 59(1) of Schedule I to the Regulations under the Act exempting the Existing Underlying Funds and any other similar funds established by Talvest in the future (collectively, the "Underlying Funds") from the payment of the annual filing fees payable under Section 14 of Schedule I of the Regulations in respect of the distribution of units (the "Units") of the Underlying Funds: (i) to the Top Funds, (ii) to counterparties (the "Counterparties") in respect of Units purchased to hedge their exposure to the RSP Top Funds (the "Hedge Units"), and (iii) including the reinvestment of distributions of the Underlying Funds of the RSP Top Funds and the Non-RSP Top Funds, as the case may be (the "Reinvested Units").

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

AND UPON Talvest having represented to the Commission that:

1. The Top Funds and the Underlying Funds are, or will be, open-end mutual fund trusts created under the laws of the Province of Ontario.

2. Talvest is, or will be, the manager of the Top Funds and the Underlying Funds.

3. The distributions of Units of the Underlying Funds to the Top Funds and to Counterparties with whom the RSP Top Funds have entered into forward contracts purchased to hedge their exposure to the RSP Top Funds (including the reinvestment of distributions of the Underlying Funds) will take place in either of the Provinces of Ontario or of Quebec.

4. The Top Funds and the Underlying Funds are, or will be, reporting issuers in each of the provinces and territories of Canada and are not in default of any requirement of the securities acts or regulations applicable in each of the provinces and territories of Canada.

5. The units of the Top Funds and the Underlying Funds are, or will be, qualified for distribution pursuant to a simplified prospectus and an annual information form in each of those jurisdictions.

6. As part of their investment strategy, the RSP Top Funds enter into forward contracts or other derivative instruments (the "Forward Contracts") with one or more financial institutions or dealers, the Counterparties, that link their returns to a corresponding Underlying Fund/s. Counterparties may hedge their obligations under the Forward Contracts by investing in Hedge Units of the applicable Underlying Fund/s.

7. As part of their investment strategy, the RSP Top Funds invest, or will invest, a portion, and the Non-RSP Top Funds invest, or will invest, substantially all, of their assets directly in Units of their corresponding Underlying Fund/s (the "Fund-on-Fund Investments").

8. Applicable securities regulatory approvals for the Fund-on-Fund Investments and the Top Funds' investment strategies have been obtained.

9. Annually, each of the RSP 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 to the Regulations under the Act 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.

10. 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 Non-RSP Top Funds, the RSP Top Funds and the Hedge Units, pursuant to Section 14 of Schedule I to the Regulations under the Act 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.

11. A duplication of filing fees pursuant to Section 14 to Schedule I of the Regulations under the Act may result when: (a) assets of a Top Fund are invested directly in an Underlying Fund, (b) Hedge Units are distributed, and (c) Reinvested Units are distributed.

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 to the Regulations under the Act in respect of: (a) the distribution of Units of the Underlying Funds to the Top Funds, (b) the distribution of Hedge Units to Counterparties, and (c) the distribution of the Reinvested Units, provided that each Underlying Fund shall include in its notice filed under subsection 14(4) of Schedule I to the Regulations under the Act, a statement of the aggregate gross proceeds realized in Ontario as a result of the issuance by such Underlying Funds of Units and Reinvested Units; together with a calculation of the fees that would have been payable in the absence of this Order.

December 17, 2002.

"Theresa McLeod" "Harold P. Hands"

2.2.5 Douglas Cross - ss. 127(1) and 127.1

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

AND

IN THE MATTER OF
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

ORDER
(Subsection 127(1) and section 127.1)

WHEREAS on September 24, 1998, 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 Douglas Cross ("Cross") and others;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Cross and others, such Temporary Order which was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the "Temporary Order");

AND WHEREAS Cross entered into a Settlement Agreement executed October 5, 2002 and October 7, 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 Cross 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) and section 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 Cross cease for four years commencing on the date of this Order except that, after one year, Cross may trade securities for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada)*);

3. pursuant to subsection 127(1), paragraph 6, Cross is reprimanded; and

4. the Temporary Order as against Cross no longer has any force or effect.

December 19, 2002.

"H. Lorne Morphy" "Robert W. Davis"

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

AND

IN THE MATTER OF
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

SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND DOUGLAS CROSS

I. INTRODUCTION

1. By Notice of Hearing dated September 24, 1998 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider, among other things:

   (a) whether, pursuant to subsection 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 that the exemptions contained in Ontario securities law do not apply to the respondent Douglas Cross ("Cross") permanently or for such time as the Commission may direct; and

   (b) such other orders as the Commission deems appropriate.

2. By Temporary Order dated September 24, 1998, the Commission ordered that the exemptions contained in subsections 35(1)21 and 35(2)10 of the Act do not apply to Cross (the "Temporary Order"). The Temporary Order was extended by Commission Orders dated October 9, 1998 and February 4, 1999.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff of the Commission ("Staff") agrees to recommend settlement of the proceeding respecting Cross initiated by the Notice of Hearing in accordance with the terms and conditions set out below. Cross 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 this proceeding, and of any other proceeding commenced by a securities regulatory agency, Staff and Cross agree with the facts set out in paragraphs 5 through 15 of this Settlement Agreement.

Facts

5. Saxton Investment Ltd. ("Saxton") was incorporated on January 13, 1995. The respondent Allan Eizenga ("Eizenga") was Saxton's registered director. Saxton and Eizenga established numerous offering corporations, as listed below (the "Offering Corporations").

The Saxton Trading Corp.
The Saxton Export Corp.
The Saxton Export (II) Corp.
The Saxton Export (III) Corp.
The Saxton Export (IV) Corp.
The Saxton Export (V) Corp.
The Saxton Export (VI) Corp.
The Saxton Export (VII) Corp.
The Saxton Export (VIII) Corp.
The Saxton Export (IX) Corp.
The Saxton Export (X) Corp.
The Saxton Export (XI) Corp.
The Saxton Export (XII) Corp.
The Saxton Export (XIII) Corp.
The Saxton Export (XIV) Corp.
The Saxton Export (XV) Corp.
The Saxton Export (XVI) Corp.
The Saxton Export (XVII) Corp.
The Saxton Export (XVIII) Corp.
The Saxton Export (XIX) Corp.
The Saxton Export (XX) Corp.
The Saxton Export (XXI) Corp.
The Saxton Export (XXII) Corp.
The Saxton Export (XXIII) Corp.
The Saxton Export (XXIV) Corp.
The Saxton Export (XXV) Corp.
The Saxton Export (XXVI) Corp.
The Saxton Export (XXVII) Corp.
The Saxton Export (XXVIII) Corp.
The Saxton Export (XXIX) Corp.
The Saxton Export (XXX) Corp.
The Saxton Export (XXXI) Corp.
The Saxton Export (XXXII) Corp.
The Saxton Export (XXXIII) Corp.
The Saxton Export (XXXIV) Corp.
The Saxton Export (XXXV) Corp.
The Saxton Export (XXXVI) Corp.
The Saxton Export (XXXVII) Corp.
The Saxton Export (XXXVIII) Corp.

6. Saxton and the Offering Corporations represented to the public that they were investing in businesses in Cuba and other Caribbean companies.

7. On or about October 7, 1998, the Court appointed KPMG Inc. ("KPMG") as the custodian of Saxton's assets. In early 1999, KPMG reported that the Offering Corporations had raised approximately $37 million from investors. All funds invested in the Offering Corporations had been transferred to Saxton. At that time, KPMG held the view that the value of the Saxton assets, at its highest (as reported by related companies), was approximately $5.5 million.

8. Cross has never been registered with the Commission to trade securities.

9. Between July 1996 and May 1998, Cross sold to Ontario investors securities of one or more of the Offering Corporations (the "Saxton Securities"). Cross sold the Saxton Securities to 48 Ontario investors for a total amount sold of approximately $1,169,425.

10. The Offering Corporations were incorporated pursuant to the laws of Ontario. Cross' sales of the Saxton Securities constituted trades in securities of an issuer that had not been previously issued.

11. None of the Offering Corporations filed a prospectus with the Commission. By selling the Saxton Securities to his clients, Cross traded in securities, which trades were distributions, without a prospectus being filed or receipted by the Commission and with no available exemption from the prospectus requirements of Ontario securities law.

12. Further, by selling the Saxton Securities to his clients, Cross traded in securities without being registered with the Commission and with no exemption from the registration requirements being available to him.

13. Cross received commissions of approximately $58,500 on the sales described in paragraph 9 above.

14. Cross' conduct in selling the Saxton Securities was contrary to Ontario securities law and the public interest.

15. Cross informs Staff that he invested approximately $101,000 in the Saxton Securities.

IV. TERMS OF SETTLEMENT

16. Cross agrees to the following terms of settlement:

(a) the making of an order:

(i) approving this settlement;

(ii) that trading in any securities by Cross cease for four years from the date of the approval of this settlement with the exception that, after one year, Cross is permitted to trade securities for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada)*);

(iii) reprimanding Cross; and

(iv) that the Temporary Order no longer has any force or effect.

V. STAFF COMMITMENT

17. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Cross in relation to the facts set out in Part III of this Settlement Agreement.

VI. APPROVAL OF SETTLEMENT

18. Approval of the settlement set out in this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for December 19, 2002, or such other date as may be agreed to by Staff and Cross (the "Settlement Hearing"). Cross will attend in person at the Settlement Hearing.

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

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

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

22. 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 Cross leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Cross;

(b) Staff and Cross 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 Cross or as may be required by law; and

(d) Cross 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.

VII. DISCLOSURE OF SETTLEMENT AGREEMENT

23. Except as permitted under paragraph 19 above, this Settlement Agreement and its terms will be treated as confidential by Staff and Cross 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 Cross, or as may be required by law.

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

VIII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

October 5, 2002.

"Douglas Cross"
Douglas Cross

October 7, 2002.

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

2.2.6 George Edward Holmes - ss. 127(1) and 127.1

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

AND

IN THE MATTER OF
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

ORDER
(Subsection 127(1) and section 127.1)

WHEREAS on September 24, 1998, 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 George Edward Holmes ("Holmes") and others;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Holmes and others, such Temporary Order which was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the "Temporary Order");

AND WHEREAS Holmes entered into a Settlement Agreement executed December 6, 2002 and December 13, 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 Holmes 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) and section 127.1 of the Act;

IT IS ORDERED THAT:

1. the attached Settlement Agreement is approved;

2. pursuant to subsection 127(1), paragraph 1, Holmes' registration with the Commission is suspended for eleven months commencing on the date of this Order;

3. pursuant to subsection 127(1), paragraph 2, trading in any securities by Holmes cease for eleven months commencing on the date of this Order;

4. pursuant to subsection 127(1), paragraph 1, Holmes must successfully complete the Canadian Securities Course in order for his registration to be reinstated following the suspension;

5. pursuant to subsection 127(1), paragraph 6, Holmes is reprimanded;

6. the Temporary Order as against Holmes no longer has any force or effect; and

7. pursuant to section 127.1, Holmes will pay costs to the Commission in the amount of $1,700.

December 19, 2002.

"H. Lorne Morphy" "Robert W. Davis"

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

AND

IN THE MATTER OF
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

SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND GEORGE EDWARD HOLMES

I. INTRODUCTION

1. By Notice of Hearing dated September 24, 1998 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider, among other things:

   (a) whether, pursuant to subsection 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 that the exemptions contained in Ontario securities law do not apply to the respondent George Edward Holmes permanently or for such time as the Commission may direct; and

   (b) such other orders as the Commission deems appropriate.

2. By Temporary Order dated September 24, 1998, the Commission ordered that trading in securities by Mr. Holmes cease immediately except for trades in mutual fund securities and trades for his personal account (the "Temporary Order"). The Temporary Order was extended by Commission Orders dated October 9, 1998 and February 5, 1999.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff of the Commission ("Staff") agrees to recommend settlement of the proceeding respecting Mr. Holmes initiated by the Notice of Hearing in accordance with the terms and conditions set out below. Mr. Holmes 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 this proceeding, and of any other proceeding commenced by a securities regulatory agency, Staff and Mr. Holmes agree with the facts set out in paragraphs 5 through 17 of this Settlement Agreement.

Facts

5. Saxton Investment Ltd. ("Saxton") was incorporated on January 13, 1995. The respondent Allan Eizenga ("Eizenga") was Saxton's registered director. Saxton and Eizenga established numerous offering corporations, as listed below (the "Offering Corporations").

The Saxton Trading Corp.
The Saxton Export Corp.
The Saxton Export (II) Corp.
The Saxton Export (III) Corp.
The Saxton Export (IV) Corp.
The Saxton Export (V) Corp.
The Saxton Export (VI) Corp.
The Saxton Export (VII) Corp.
The Saxton Export (VIII) Corp.
The Saxton Export (IX) Corp.
The Saxton Export (X) Corp.
The Saxton Export (XI) Corp.
The Saxton Export (XII) Corp.
The Saxton Export (XIII) Corp.
The Saxton Export (XIV) Corp.
The Saxton Export (XV) Corp.
The Saxton Export (XVI) Corp.
The Saxton Export (XVII) Corp.
The Saxton Export (XVIII) Corp.
The Saxton Export (XIX) Corp.
The Saxton Export (XX) Corp.
The Saxton Export (XXI) Corp.
The Saxton Export (XXII) Corp.
The Saxton Export (XXIII) Corp.
The Saxton Export (XXIV) Corp.
The Saxton Export (XXV) Corp.
The Saxton Export (XXVI) Corp.
The Saxton Export (XXVII) Corp.
The Saxton Export (XXVIII) Corp.
The Saxton Export (XXIX) Corp.
The Saxton Export (XXX) Corp.
The Saxton Export (XXXI) Corp.
The Saxton Export (XXXII) Corp.
The Saxton Export (XXXIII) Corp.
The Saxton Export (XXXIV) Corp.
The Saxton Export (XXXV) Corp.
The Saxton Export (XXXVI) Corp.
The Saxton Export (XXXVII) Corp.
The Saxton Export (XXXVIII) Corp.

6. Saxton and the Offering Corporations represented to the public that they were investing in businesses in Cuba and other Caribbean companies.

7. On or about October 7, 1998, the Court appointed KPMG Inc. ("KPMG") as the custodian of Saxton's assets. In early 1999, KPMG reported that the Offering Corporations had raised approximately $37 million from investors. All funds invested in the Offering Corporations had been transferred to Saxton. At that time, KPMG held the view that the value of the Saxton assets, at its highest (as reported by related companies), was approximately $5.5 million.

8. Mr. Holmes became registered with the Commission under the Act to sell mutual fund securities and limited market products in December 1987.

9. Between January 1997 and June 1998, Mr. Holmes sold to Ontario investors securities of one or more of the Offering Corporations (the "Saxton Securities"). Mr. Holmes sold approximately $984,000 worth of the Saxton Securities to 17 Ontario investors. He received commissions of approximately $49,000 on such sales.

10. The Offering Corporations were incorporated pursuant to the laws of Ontario. Mr. Holmes' sales of the Saxton Securities constituted trades in securities of an issuer that had not been previously issued.

11. None of the Offering Corporations filed a preliminary prospectus or prospectus with the Commission. By selling the Saxton Securities to his clients, Mr. Holmes traded in securities, which trades were distributions, without a preliminary prospectus or prospectus being filed or receipted by the Commission and with no available exemption from the prospectus requirements of Ontario securities law.

12. Mr. Holmes did not provide his clients with access to substantially the same information concerning the Saxton Securities that a prospectus filed under the Act would provide. None of his clients received an Offering Memorandum prior to purchasing the Saxton Securities. The only documentation provided to clients by Mr. Holmes was promotional material prepared by Saxton.

13. Mr. Holmes never reviewed any Saxton financial statements or documentation (beyond the Saxton promotional literature). He did not make inquiries of his sponsor, or anyone independent of Saxton, concerning the legitimacy and quality of the investment products, Saxton's compliance with securities law or the registration requirements for selling the Saxton Securities.

14. Mr. Holmes failed to assess adequately the suitability of his clients' investments in the Saxton Securities. Among other things, he did not have a sufficient understanding of the investment products to evaluate effectively the risk to his clients in purchasing such Securities.

15. Mr. Holmes acknowledges that he ought to have obtained the consent of his sponsoring firm prior to selling the Saxton Securities.

16. Mr. Holmes' selling of the Saxton Securities was contrary to Ontario securities law and the public interest.

17. Mr. Holmes co-operated with the Commission's investigation respecting the sale of the Saxton Securities.

IV. THE POSITION OF MR. HOLMES

18. Mr. Holmes represents to Staff that:

(a) prior to selling the Saxton Securities, he visited Saxton's head office in Burlington five or six times and was satisfied that it was a legitimate business;

(b) prior to selling the Saxton Securities, he was assured by a Saxton lawyer and a Saxton accountant that he required no additional licensing and that the investments complied with Ontario securities law;

(c) he invested $100,000 in the Saxton Securities, 50% of which was invested prior to selling the Securities to his clients;

(d) he continues to keep his clients who purchased the Saxton Securities updated with all information he receives concerning Saxton and existing management concerns;

(e) since 1998, Mr. Holmes has exceeded the minimum provincial requirements for continuing education credits relating to the mutual fund industry;

(f) he is 63 years old and now suffers from spasmodic dysphonia, a neurological condition which affects his speech. This has negatively impacted his business over the last four years; and

(g) he regrets his sale of the Saxton Securities and the impact these sales had on his clients.

V. TERMS OF SETTLEMENT

19. Mr. Holmes agrees to the following terms of settlement:

(a) the making of an order:

(i) approving this settlement;

(ii) suspending Mr. Holmes' registration with the Commission for eleven months;

(iii) that trading in any securities by Mr. Holmes cease for eleven months;

(iv) that Mr. Holmes must successfully complete the Canadian Securities Course in order for his registration to be reinstated following the suspension;

(v) reprimanding Mr. Holmes;

(vi) that the Temporary Order no longer has any force or effect; and

(vii) that Mr. Holmes will pay costs to the Commission in the amount of $1,700.00.

VI. STAFF COMMITMENT

20. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Mr. Holmes in relation to the facts set out in Part III of this Settlement Agreement.

VII. APPROVAL OF SETTLEMENT

21. Approval of the settlement set out in this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for December 19, 2002, or such other date as may be agreed to by Staff and Mr. Holmes (the "Settlement Hearing"). Mr. Holmes will attend in person at the Settlement Hearing.

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

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

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

25. 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 Mr. Holmes leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Mr. Holmes;

(b) Staff and Mr. Holmes 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 Mr. Holmes or as may be required by law; and

(d) Mr. Holmes 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

26. Except as permitted under paragraph 22 above, this Settlement Agreement and its terms will be treated as confidential by Staff and Mr. Holmes 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 Mr. Holmes, or as may be required by law.

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

IX. EXECUTION OF SETTLEMENT AGREEMENT

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

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

December 6, 2002.

"George Edward Holmes"
George Edward Holmes

December 13, 2002.

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

2.2.7 Grey Island Systems International Inc. - ss. 83.1(1)

Headnote

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

Statutes Cited

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

Policies Cited

Policy 12-602 Deeming an Issuer from Certain Other Canadian Jurisdictions to be a Reporting Issuer in Ontario (2001) 24 OSCB 1531.

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

AND

IN THE MATTER OF
GREY ISLAND SYSTEMS INTERNATIONAL INC.

ORDER
(Subsection 83.1(1))

UPON the application (the "Application") of Grey Island Systems International Inc. (the "Issuer") 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 considering the Application and the recommendation of the staff of the Commission;

AND UPON the Issuer representing to the Commission that:

1. The Issuer was incorporated under the name Blond Bear Holdings Inc. by Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Alberta) on July 18, 1996. On June 12, 2002, the Articles of the Issuer were amended to change its name to Grey Island Systems International Inc.

2. The head office of the Issuer is located at 260 Spadina Avenue, Suite 301, Toronto, Ontario, M5T 2E4.

3. Grey Island Systems Inc. (the "Subsidiary"), whose head office is also located at 260 Spadina Avenue, Suite 301, Toronto, Ontario, M5T 2E4, is a wholly-owned subsidiary of the Issuer.

4. The authorized capital of the Issuer consists of an unlimited number of Common Shares, of which 26,086,636 are issued and outstanding, and an

unlimited number of Preferred Shares, none of which are currently outstanding. An aggregate of 2,369,999 Common Shares of the Issuer are reserved for issuance on the exercise of stock options granted by the Issuer to its directors and officers, and to the employees of the Subsidiary; an aggregate of 2,747,000 Common Shares of the Issuer are reserved for issuance on the exercise of Common Share purchase warrants; and 100,000 Common Shares of the Issuer are reserved for issuance on the exercise of an option granted to Yorkton Securities Inc.

5. The Issuer is not a reporting issuer or its equivalent under the securities legislation of any jurisdiction in Canada, other than Alberta and British Columbia.

6. The Issuer has been a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act") since December 30, 1996 and a reporting issuer under the *Securities Act* (British Columbia) (the "BC Act") since June 25, 2002.

7. The Issuer is not in default of any requirements of the Alberta Act or of the BC Act.

8. The Common Shares of the Issuer are listed and posted for trading on the TSX Venture Exchange under the trading symbol "GIS". The Issuer's Common Shares were initially posted for trading on The Alberta Stock Exchange (now the TSX Venture Exchange) on March 18, 1997. The Issuer is not designated as a capital pool company by the TSX Venture Exchange.

9. The Issuer is in good standing under the rules, regulations and policies of the TSX Venture Exchange.

10. The Issuer has a significant connection to Ontario in that: (i) five of its seven directors, all of its officers and all of its salaried personnel are residents of Ontario; (ii) its head office is located in Toronto, Ontario; and (iii) more than 10% of the Issuer's outstanding shares are held by beneficial owners who are residents of Ontario.

11. The continuous disclosure requirements of the Alberta Act and the BC Act are substantially the same as the requirements under the *Securities Act* (Ontario).

12. The materials filed by the Issuer as a reporting issuer in the Provinces of Alberta and British Columbia are available on the System for Electronic Document Analysis and Retrieval.

13. There have been no penalties 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, except as follows:

    The Issuer was subject to a cease trade order dated February 18, 2000 issued by the Alberta Securities Commission against the securities of the Issuer for failure to file certain annual audited and interim unaudited financial statements. The cease trade order was revoked on April 24, 2001.

14. Neither the Issuer nor any of its officers, directors or any of its controlling shareholders has:

    a. been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority;

    b. entered into a settlement agreement with a Canadian securities regulatory authority; or

    c. 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,

    except as follows:

    Stephen S. H. Chan, a director of the Issuer, together with R. Brent Mainwood, a former director of the Issuer, entered into a settlement agreement and undertaking dated September 28, 1998 with the Alberta Securities Commission pursuant to which Messrs Chan and Mainwood undertook to be more diligent in complying with the requirements of the Alberta Act and any and all policies made pursuant to the Alberta Act and agreed to jointly pay $1,000 to the Alberta Securities Commission to defray investigation costs, which settlement and undertaking arose by virtue of the Issuer lending monies to Mainchan Communications Group inc., which was the proposed Major Transaction of the Issuer, which loan was not allowed under Policy 4.11 of the Alberta Securities Commission when the Issuer had not yet completed a "major transaction".

15. Neither the Issuer or 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, arrangement or compromises with a creditor, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

16. 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, arrangement or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

17. Enclosed is a completed *Authorization of Indirect Collection of Personal Information* form relating to each director, executive officer and promoter of the Issuer.

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

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

December 17, 2002.

“Iva Vranic”

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
AimGlobal Technologies Company Inc.	20 Dec 02	31 Dec 02		
Hanoun Medical Inc.	05 Dec 02	17 Dec 02	19 Dec 02	

4.2.1 Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Diadem Resources Ltd.	22 Oct 02	04 Nov 02	04 Nov 02	24 Dec 02	
Richtree Inc.	20 Dec 02	03 Jan 03			

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Chapter 5

Rules and Policies

5.1.1 Notice of Final Rule and Policy - 13-502 Fees and Companion Policy 13-502CP, Notice of Revocation of Sched. 1 to Reg. 1015 and Notice of Amendments to Reg. 1015, Policy 12-602, OSC Rules 45-501, 45-502 and 45-503 and Companion Policy 91-504CP

NOTICE OF FINAL RULE AND POLICY UNDER THE SECURITIES ACT
RULE 13-502 FEES, INCLUDING
FORMS 13-502F1, 13-502F2, 13-502F3 AND 13-502F4 AND
COMPANION POLICY 13-502CP

AND

NOTICE OF REVOCATION OF SCHEDULE 1 TO REGULATION 1015
MADE UNDER THE SECURITIES ACT, AND NOTICE OF AMENDMENTS TO REGULATION 1015 MADE UNDER THE SECURITIES ACT, POLICY 12-602, OSC RULES 45-501, 45-502 AND 45-503, AND COMPANION POLICY 91-504CP

Introduction

The Ontario Securities Commission (the "Commission") has, under section 143 of the *Securities Act* (Ontario) (the "Act"), made Rule 13-502 Fees (the "Rule") as a rule under the Act, and has adopted Companion Policy 13-502CP (the "Companion Policy") as a policy under the Act. The Rule contains forms 13-502F1, 13-502F2, 13-502F3 and 13-502F4 (collectively, the "Forms").

The Rule and other required material were delivered to the Minister of Finance on December 20, 2002. If the Minister does not reject the Rule or return it to the Commission for further consideration by March 5, 2003, or if the Minister approves the Rule, the Rule will come into force on March 31, 2003. The Companion Policy will come into force on the date that the Rule comes into force.

Concurrently with making the Rule, the Commission has, by regulation, revoked Schedule 1 (the "Fee Schedule") to Regulation 1015 of the Revised Regulations of Ontario, 1990 (the "Regulation"), and revoked Forms 42, 43 and 44 of the Regulation and their corresponding filing requirements. See "Amendments to Regulation" below. The amendments to the Regulation will be effective when the Rule comes into force.

Also concurrently with making the Rule, the Commission has made non-material amendments to Policy 12-602, Rules 45-501, 45-502 and 45-503, and Companion Policy 91-504CP (the "Consequential Amendments") in order to delete references to fees formerly payable under the Fee Schedule. See "Amendment of Rules" below. The Consequential Amendments will come into force on the date that the Rule and the Forms come into force.

Substance and Purpose of the Rule and the Companion Policy

The Rule and Companion Policy are intended to replace the Fee Schedule with a new fee regime with a view to achieving three primary objectives:

- to reduce the overall fees charged to market players,
- to simplify, clarify and streamline the current fee schedule, and
- to ensure that the fees more accurately reflect the OSC's cost of providing services to market players.

The Rule requires the payment of "participation fees" and "activity fees". Participation fees are generally intended to represent the benefit derived by market players participating in Ontario's capital markets. All market players, including reporting issuers, registrants and mutual fund managers, will be required to pay participation fees annually. The participation fee will be based on a measure of the market player's size which is intended to serve as a proxy for the market player's use of the capital markets. Participation fees will be based on the cost of a broad range of regulatory services which cannot practically or easily be attributed to individual activities or entities. For reporting issuers, the participation fee will replace most of the continuous disclosure filing fees and for registrants the participation fee will replace many of the smaller activity fees charged to registrants relating to changes in their registration or to their mutual fund prospectuses during a year and certain related fees.

Activity fees, on the other hand, are intended to represent the direct cost of OSC staff resources to take a specific action or provide service requested by a market player (for example, reviewing prospectuses and applications for discretionary relief or processing registration documents). Activity fees will be charged for a limited number of activities only and will be flat rate fees based on the average cost to the OSC of providing the service.

The Rule refers to a graduated schedule of participation fees ("CF Participation Fees") payable by reporting issuers ("CF Market Players"), and a separate schedule of participation fees ("CM Participation Fees") payable by registrants and unregistered fund managers ("CM Market Players"). It also refers to schedules of activity fees for CF Market Players and CM Market Players.

The Fee Schedule has been in place since 1990. It includes approximately 60 provisions (many with numerous sub-provisions) relating to the calculation of various fees to various market players. It is a complex fee schedule which is both difficult to interpret and difficult to regulate. As part of the OSC becoming a self-funding corporation in the fall of 1997, the OSC committed to the Government of Ontario that it would reduce its fees so that fees collected by the OSC would more closely match expenditures incurred by the OSC. As a first step in this process, the OSC eliminated the secondary market fee. As the second step in this process, the OSC implemented a 10 percent across-the-board reduction in its current fees effective August 4, 1999. As the third step in this process, the OSC implemented a 10 percent across-the-board reduction in its current fees effective June 26, 2000. The Rule is the next step in this process.

The Rule establishes a new fee model, which is essentially and substantially the same as the fee model described in the Concept Proposal and the June Materials, except as described below.

Estimated Impact of the Rule by Sector

Overall, the new fee model, in combination with the two 10 percent fee reductions already implemented, is expected to decrease revenues to the OSC by $ 40 million or 40 percent relative to the revenues that would have been generated by the Fee Schedule.

Much of this decrease in revenues has already been experienced by the OSC as a result of the two across-the-board 10 percent decreases already implemented. Implementation of the new fee model will redistribute the effect of the across-the-board decreases because the new fee model attributes costs more equitably among market participants and ties fees more closely to underlying costs.

Although market participants will generally pay less than they would have under the current fee model, the effect will vary across groups of market participants and within groups as well. This results from the fact that the current fee model is based entirely on activity charges. The new fee model, however, recognises that even though a number of market participants don't create activity directly for the OSC, they do benefit from the broad range of initiatives the OSC undertakes in carrying out its mandate.

The following table sets out the average expected change (compared with the current fee model) in fees to be paid in some important market sectors:

Market Sector	Mean $ Change
IDA	
<$25M *	(3,331)
>$25M *	(15,010)
Full Sector	(9,171)
ICPM	
<$25M *	(16,732)
>$25M *	(654,880)
Full Sector	(314,535)
MFD	
<$25M *	($18,832)
>$25M *	($684,526)
Full Sector	($312,520)
Issuers	$1,312

* Gross Revenues attributed to Ontario

Explanatory Notes

1. There was no clear pattern of net increasing or decreasing fees paid among the Investment Dealer Association members. The current fee model is not tied directly to the costs borne by regulators or to the benefits to registrants of participation in the market. Consequently, smaller firms frequently pay more fees than dealers several times larger. The new fee model will mean substantially lower fees for the majority, significant increases for a few and a much closer connection with the costs and benefits of regulation for both groups.

2. Few firms fit neatly into the Investment Counsellor/ Portfolio Manager (ICPM) or Mutual Fund Dealer (MFD) categories. Many of these firms manufacture mutual funds as well. Many firms that only perform ICPM or MFD activities pay relatively little in the way of fees or none at all. As a result, even a modest fee structure represents a very large percentage increase. This tends to skew the percentage changes upward. Mutual Fund manufacturers, even though most of their activities are very similar to others in the group, pay very high issuance fees, frequently in excess of $3 million. This group will see a large absolute decline in the dollar value of their fees paid, generating a large net decline on average.

3. Similar to the point made in 1 above, issuers who access the market will see a substantial decline in fees paid, for many, in the millions of dollars. Others, who do not access the market in the survey period, currently pay very low fees. When those issuers do come to market, regulatory fees will be much lower than they would have been under the current fee model. With the shift to a continuous disclosure regime, the fees paid by those not accessing the markets in any given year do not cover the costs borne by the OSC or the benefits received from a liquid market. The new fee model more clearly aligns OSC costs and issuer benefits from a continuous market.

The example below may help to illustrate the point. Based on the level of activity in the markets, ABC and DEF are roughly equal. Under the current fee model, DEF pays over 16 times the fees paid by ABC. Under the new fee model, fees are brought more into line. However, the $57,000 saved by DEF represents a 46 percent drop while the $42,500 increase for ABC translates into a 567 percent increase. As a percentage of revenue, the impact on ABC is actually lower, but relative to the current fee model, the impact appears to be substantially higher. Consequently, the average dollar decline in fees is more representative for the impact on the sector of the proposed new fee model.

Category	Registrant	Revenue	Current Fees	Proposed Fees	Variance	Change
ICPM	ABC Funds	$24 million	7,500	50,000	42,500	567%
MFD/ICPM	DEF Funds	$25 million	124,302	67,700	(56,602)	-46%

Background

On March 30, 2001, the Commission published for comment a concept proposal (the “Concept Proposal”) for revising the Fee Schedule at (2001) 24 OSCB 1971. As a result of staff’s consideration of the comment letters received on the Concept Proposal, its recommendations to the Commission and the deliberations of the Commission, a proposed draft of the Rule and Companion Policy were published for comment on June 28, 2002 (the “June Materials””). The notice that accompanied the June Materials advised that the proposed Rule was essentially and substantially the same as the fee model described in the Concept Proposal, with a few exceptions.

The Commission received submissions on the June Materials from 18 commentators during the 90-day comment period from June 28, 2002 to September 27, 2002. Appendix A to this Notice is a list of those who provided comments. The Commission is of the view that none of the revisions made by it to the Rule from the June Materials, including those resulting from the latest comments received on the June Materials, are material. Accordingly, the Rule is not subject to a further comment period. For a summary of these comments and the Commission’s response, please see Appendix B to this Notice.

Summary of Changes to the Rule

This section describes changes made to the proposed Rule, proposed Forms and proposed Companion Policy published for comment in June 2002, except that changes of a minor nature, changes made only for purposes of clarification or drafting changes, are generally not discussed.

The changes made are not material changes.

Part 1 Definitions

“capital markets activities” has been amended to clarify that it pertains only to registrable activities, activities that are exempt from registration and investment fund management and administration.

Part 2 Corporate Finance Participation Fees

Subsections 2.3(2) & (3) of the Rule were amended to allow certain Class 3 reporting issuers who calculate their CF Participation Fees under paragraph 2.7(b) of the Rule, to pay the CF Participation Fees for a financial year on the basis of a good faith estimate of its capitalization as at the end of that financial year, and subsequently calculate its CF Participation Fees when it files its annual financial statements for the applicable financial year.

Paragraph 2.5(b) of the Rule was amended to capture in the calculation of the capitalization for Class 1 Reporting Issuers the corporate debt of any of its subsidiary entities exempted by subsection 2.2(2) from paying CF Participation Fees.

Paragraph 2.6(c) of the Rule was amended to contemplate non-corporate issuers, by adding 'owner's equity' to the item 'share capital'.

Paragraph 2.7(b) of the Rule was amended to provide that the calculation of the percentage of the capitalization of a Class 3 reporting issuer that has no debt or equity securities listed or traded on a marketplace located anywhere in the world, attributable to Ontario persons would be based on the percentage of outstanding equity securities of the Class 3 reporting issuer registered in the name of, or held beneficially by, Ontario persons.

Part 3 Capital Markets Participation Fees

Section 3.1 of the Rule was amended to clarify that CM Participation Fees for registrant firms are payable in advance for the upcoming calendar year based on the previous year's annual financial statements

Section 3.3 of the Rule was amended to require registrant firms to file a Form 13-502F3, in relation to CM Participation Fees, by December 1 of each year for payment of the CM Participation Fees referred to in section 3.1 of the Rule by December 31 of each year.

Section 3.3 of the Rule was further amended to allow registrant firms to file a good faith estimate of their Specified Ontario Revenues on December 1 and make a payment based on this estimate on December 31. This section also provides for a readjustment of the fee when the financial statements of the registrant firm have been completed.

Paragraph 3.6(1)(a) of the Rule was amended so that it refers to the "gross revenues *'earned from capital markets activities'* of the registrant firm…"

Paragraph 3.6(3)(a) of the Rule was amended so that it refers to both "advisory fees" and "sub-advisory fees".

Section 3.8 of the Rule was deleted so that an investment fund manager is no longer precluded from passing the cost of its CM Participation Fees to the investment funds (and their securityholders) under its management.

Part 5 Currency Calculations

Section 5.1 was amended to specify that currency calculations should use the daily noon exchange rate posted by the Bank of Canada.

Part 7 Effective Date and Transitional

Paragraph 7.2(3) of the Rule was deleted. The phase in time for registrant firms is no longer necessary.

Appendix A – Corporate Finance Participation Fees

To clarify that a reporting issuer with zero capitalization is still subject to CF Participation Fees, the appendix was amended to specify "$0 to under $25 million."

Appendix B – Capital Markets Participation Fees

To clarify that a registrant firm and an unregistered investment fund manager with zero Specified Ontario Revenues is still subject to CM Participation Fees, the appendix was amended to specify "$0 to under $500,000."

Appendix C – Activity Fees

A new activity fee was added to Appendix C for an exempt distribution of securities of an issuer not subject to a participation fee. A new activity fee of $2,000 has been added for reports of exempt distributions in Form 45-501F1. This fee was proposed in the Concept Proposal, but mistakenly omitted from the June Materials.

A new activity fee of $500 was added to Appendix C for an application for recognition, or for renewal of recognition, as an accredited investor as defined in Rule 45-501. This filing fee formerly appeared in Rule 45-501. Staff decided that it is appropriate that all fees appear in the Rule, for ease of reference.

The activity fee for filing of a prospecting syndicate agreement was reduced to $500, after consultation with the OSC technical consultant.

The activity fee for applications for discretionary relief was amended to exclude applications by limited market dealers under section 147 of the Act.

The registration-related activity fee for a new registrant firm as a result of an amalgamation was amended to include "…the continuation of registration of an existing registrant firm…" resulting from or following an amalgamation of registrant firms.

Forms

Item 3 in the Notes and Instructions of Form 13-502F1 was amended to specify that currency calculations should use the daily noon exchange rate posted by the Bank of Canada.

Item 2 in the Notes and Instructions of Form 13-502F3 was amended to permit non-resident registrants and unregistered foreign fund managers to use equivalent principles to Canadian GAAP with respect to reported "components of revenue".

Form 13-502F4 was created to allow for the calculation, at the time that its annual financial statements have been completed, of the participation fee owing by a registrant firm who has filed a good faith estimate under subsection 3.3(4) of the Rule.

Companion Policy

Section 2.5 entitled Indirect Avoidance of Rule was added to Part 2 to clarify that the Commission may examine arrangements or structures implemented by market participants and their affiliates that raise the suspicion of being structured solely for the purpose of reducing the fees payable under the Rule.

Subsection 3.3(1) in Part 3 was amended to provide further clarification of paragraph 2.5(b) of the Rule.

Section 3.4 was inserted in Part 3 to provide further clarification of paragraph 2.7(b) of the Rule.

Section 4.1 of Part 4 was amended to describe and provide examples of the revisions in Section 3.3 of the Rule requiring registrant firms to file a Form 13-502F3, in relation to CM Participation Fees, by December 1.

Section 4.3 was added to Part 4 to clarify that unregistered fund managers will make filings and pay fees under Part 3 of the Rule by paper copy to the OSC, Investment Funds.

Section 4.4 was added to Part 4 to provide further explanation of the definition of "capital market activities".

Section 4.5 was added to Part 4 to provide further clarification of the term "owner's" equity, used in section 2.6 of the Rule.

Authority for the Rule

Paragraph 43 of subsection 143(1) of the Act authorizes the OSC to make rules "prescribing the fees payable to the OSC, including those for filing, for applications for registration or exemptions, for trades in securities, in respect of audits made by the OSC, and in connection with the administration of Ontario securities law".

Unpublished Materials

In proposing the Rule and Companion Policy, the OSC has not relied on any significant unpublished study, report, decision or other written materials. However, as disclosed in the Concept Proposal, the OSC sought input from market players from three different focus groups. The focus groups consisted of reporting issuers, dealers (including the Investment Dealers Association), advisers and mutual fund managers (including The Investment Funds Institute of Canada).

Amendments to Regulation

The purpose of the Rule and Companion Policy is to substantially replace the fee model under the current Fee Schedule. Accordingly, the Commission will revoke the Fee Schedule upon the adoption of the Rule, which establishes the new fee model proposed in the Concept Proposal and June Materials.

Forms 42, 43 and 44 under the Regulation will also be revoked since these forms relate to fees that will no longer be payable under the new fee model under the Rule. The corresponding filing requirements in the Regulation for these forms will also be revoked.

Amendment of Rules

Certain existing rules and policies refer to the Fee Schedule or to fees that are payable under the Fee Schedule. Since the Fee Schedule will be revoked when the Rule comes into force, it is necessary to delete references to fees payable under the Fee Schedule. Accordingly, the Commission has, under section 143 of the Act, made a rule that amends Rules 45-501, 45-502 and 45-503.

It is the view of the Commission that the amendments to Rules 45-501, 45-502 and 45-503 merely remove fees and references to fees that will no longer be payable upon the implementation of the Rule. Accordingly, the Commission is of the view that these amendments consist only of the removal of requirements and accordingly are not likely to have a substantial effect on the interests of persons or companies subject to Rules 45-501, 45-502 and 45-503 other than those who benefit from the amendments.

The Commission has also made minor amendments to Policy 12-602 and Companion Policy 91-504CP in order to delete references to fees payable under the Fee Schedule, and replace them with references to the Rule, as necessary. It is the view of the Commission that the amendments to Policy 12-602 and Companion Policy 91-504CP do not result in any material substantive change to any existing policy.

The Consequential Amendments will come into force on the same date that the Rule and Forms come into Force. The text of the Consequential Amendments can be found in Appendix C.

Text of Rule and Companion Policy

The text of the Rule and Companion Policy follows. Staff is currently working on a parallel rule to be made under the Commodities Futures Act (the "CFA"). Staff anticipates that this Rule and Companion Policy under the Act will be amended to address consistency issues with the CFA rule at that time.

Questions

Questions may be referred to:

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APPENDIX A
TO
NOTICE OF FINAL
RULE 13-502 – FEES, INCLUDING
FORMS 13-502F1, 13-502F2, 13-502F3 AND 13-502F4, AND
COMPANION POLICY 13-502CP – FEES

LIST OF COMMENTERS

1. Aegon Canada Inc.
2. Barclays Global Investors Canada Limited
2. BMO Investments Inc.
3. Canadian Bankers Association
4. Capital Guardian Trust Company
5. Capital International Asset Management (Canada), Inc.
6. Canadian Imperial Bank of Commerce
7. Fidelity Investments
8. Franklin Templeton Investments Corp.
9. Guardian Group of Funds
10. The Investment Funds Institute of Canada
11. Investors Group Inc.
12. Potash Corporation of Saskatchewan Inc.
13. Power Corporation of Canada
14. Royal Bank of Canada
15. Scotia Securities Inc.
16. Stikeman Elliott – William J. Braithwaite
17. Stikeman Elliott – Kenneth G. Ottenbreit
18. Torys – Glen R. Johnson

APPENDIX B
TO
NOTICE OF FINAL
RULE 13-502 – FEES, INCLUDING
FORMS 13-502F1, 13-502F2, 13-502F3 AND 13-502F4 (the "Proposed Rule"), AND
COMPANION POLICY 13-502CP – FEES (the "Proposed Policy")

Theme	Detailed Comments and Arguments	Response
Support for certain features of new fee model	One commenter expressed support for the segregation of corporate finance and capital markets sectors of the securities industry in the new fee model. In this commenter's view, the "participation" and "activity" fee approach reflects the underlying regulatory responsibilities of ongoing oversight and activity specific review across Ontario's securities market. The commenter acknowledged that the fee proposals will have different impact on different market participants, and expected opposition from those whose fees will rise. The commenter also expected its own direct fees to rise under the new fee model. Still, the commenter expressed support for an approach that "sees fees tied to OSC costs" and did not think that the "approach can be convincingly opposed on principle". The commenter expressed the hope that the increase in fees (for certain market participants such as itself) would be offset by a decrease in their current compliance costs by the elimination of certain current filing fees. Another commenter expressed support for the • flat activity fee per fund family, including the flat fee for prospectus lapse date extensions regardless of the number of funds within the same prospectus; • flat prospectus renewal fee per fund with no additional fees determined upon proceeds of sales in Ontario; and an "all-encompassing" participation fee that, in turn, eliminates the current fees for a number of registration-related filings. Yet another commenter acknowledged that fund managers would be adversely impacted by the Proposed Rule because the burden of the capital markets participation fee would be shifted from mutual funds to the fund managers. Still this commenter believed that this result would be offset by reduced fees payable by other registrants. This commenter expressed support for the new fee model, believing that "it will reduce the overall fees charged to capital markets participants".	The OSC appreciates the commenters' support for its efforts to rationalize the fees charged to market participants.
Harmonization with other Canadian jurisdictions	Some commenters reiterated their previous comments about the "absolute necessity" for harmonizing the fee regimes of the various Canadian securities regulatory authorities Three commenters expressed concern that harmonization of fees across jurisdictions would be difficult to achieve. This is because the Proposed Rule requires a determination of capital markets participation fees ("CM Participation Fees") by an allocation methodology that would be disadvantageous to the other jurisdictions and,	The OSC believes that the new fee model in the Proposed Rule has a sound and reasonable basis and overall results in a reduction in the fees payable by market participants. For this reason, the OSC does not consider it to be in the best interest of investors and market participants generally to delay the implementation of the Proposed Rule until full harmonization of fees across jurisdictions is achieved.

Theme	Detailed Comments and Arguments	Response
	accordingly, would not be acceptable to them. One of the commenters argued that, unless there is change in other jurisdictions, certain market participants would continue to unfairly bear the compliance costs of others. This commenter believes that "the OSC's approach to fees is correct on principle and should be adopted by other Canadian securities regulators immediately".	
Currency calculations	One commenter noted that the reference to "the exchange rate posted by the Bank of Canada website on the day for which the calculation is made" in section 5.1 of the Proposed Rule should be more specific.	Section 5.1 of the Proposed Rule has been revised to specify that the daily noon rate should be used as the appropriate exchange rate.
Director's discretion to grant exemption	One commenter reiterated its previous comment that there be more discussion of the situations where reductions or refunds to the participation fee will be considered by the Director or Executive Director in exercising their discretion.	The issue of refunds is addressed in section 2.4 of the Proposed Policy. With respect to exemptions, certain factors that might be considered relevant are financial hardship, payment of fee would result in undue detriment or unfairness to the person or company that owes the fee, whether or not an issuer is subject to continuous disclosure obligations, etc. The OSC also reiterates that the exercise of the discretion to grant relief will be rare and will be based on the facts and circumstances of a particular situation.
Other market participants bear no regulatory cost	Some commenters stated that the Proposed Rule "ignores other market participants such as insurance companies and pension funds who benefit from the regulation of Ontario's capital markets but would not be bearing any cost for their market participation".	Neither the insurance industry nor the pension industry is subject to regulation by the OSC. The OSC does not generally regulate and therefore does not impose regulatory fees on the participants in those industries. However, if an insurance company is itself a reporting issuer or otherwise engages in capital markets activities directly or indirectly, such as the management of investment funds, it would be subject to the fees prescribed by the Proposed Rule. As for the pension funds, they would be impacted indirectly by the fees that are payable by issuers in which they are invested.
Inactive or "special purpose" issuers	Four commenters felt that shifting the financial burden from activity fees to annual participation fees penalizes issuers, such as special purpose issuers, who make only one or very few public offerings of securities. For example, one commenter on behalf of a large reporting issuer pointed out that the issuer would see an increase in annual fees of 3000%, even though the issuer has not made a public offering since 1995. It was suggested that annual fees could be reduced for issuers that rarely access the capital markets. This could be carried out by lowering the annual fee where a reporting issuer has not paid any activity fee within the previous eighteen months, or "grandfathering" existing issuers who have not paid	The annual participation fee is intended to cover the monitoring, enforcement and administrative costs of the OSC. It is not simply a replacement for fees currently payable in connection with the distribution of securities. For example, it will replace the various existing fees payable on the filing of continuous disclosure documents. An important factor in deciding to use market capitalization as the basis for determining the annual participation fee for reporting issuers (as opposed to basing the fee on the number or value of securities distributed by an issuer)

Theme	Detailed Comments and Arguments	Response
	activity fees within the previous eighteen months, allowing them to pay reduced fees. Alternatively, one commenter asked if discretionary relief from participation fees might be granted to a special purpose issuer.	was the increasing shift of the OSC's regulatory resources away from primary distributions of securities into continuous disclosure and ongoing reviews. One commenter recognized this fact but still noted that an inactive issuer could expect its annual fees to increase dramatically under the Proposed Rule, even though the issuer is not putting any strain on the resources of the OSC. Every issuer utilizes the Ontario capital markets to a different degree. It is impossible for the Proposed Rule to precisely link the fee payable by an issuer with the amount of regulatory oversight and monitoring that the OSC carries out in connection with that particular issuer. However, it is staff's view that the Proposed Rule more accurately equates fees with OSC costs of providing services than the current fee structure, and therefore it is preferable to the status quo. In exceptional and rare cases where it would be unduly detrimental or unfair to impose a participation fee on a particular issuer, the Director may be persuaded to consider the grant of an exemption from the fee requirement, or a reduction of the fee that is otherwise payable. Factors that might be considered for this purpose could include whether the issuer is subject to continuous disclosure filing requirements and whether the issuer is insolvent or in serious financial difficulty.
Concern about large participation fee payable by significant issuers	Two commenters expressed concern that large issuers would bear a disproportionate share of the cost of regulation. One commenter submitted that an annual participation fee of $85,000 for an issuer with a market capitalization of over $25 billion is unfair, since it places a disproportionate amount of the cost of regulation on these large capitalization issuers simply because they have "deep pockets".	The use of market capitalization as the basis for determining the annual corporate finance participation fees ("CF Participation Fees") is not intended to impose fees based upon an issuer's ability to pay the fee. It was decided that an issuer's market capitalization should form the basis for calculating the participation fee because this was the most relevant indicator of the issuer's use of the capital markets. The "use of the capital markets" is not simply a reference to how often an issuer distributes securities. A relatively larger market capitalization typically means a relatively larger number of securityholders and a larger market following.
Additional fee for late payment of participation fee	One commenter expressed serious concern with the appropriateness and fairness of charging extra fees in connection with the late filing of a participation fee equal to 1% of the participation fee payable for each business day that the fee remains due and unpaid, up to a maximum of 25% of the fee otherwise payable. The commenter questioned the legality and enforceability of these late fees.	Because the new fee model attempts to match the OSC's expected revenues with expected costs, it is very important that fees are paid on time. In addition, there is additional work and cost associated with the collection of late fees. The late fee of 1% per business day up to a maximum of 25% is intended to represent a meaningful incentive to issuers and registrants

Theme	Detailed Comments and Arguments	Response
		to make their fee payment on time. The Commission has the jurisdiction to make rules prescribing the fees payable to the Commission, including those for filing, pursuant to paragraph 43 of subsection 143(1) of the Act. With respect to enforceability of the late fee, where an issuer or registrant does not make the appropriate late fee payment, that issuer or registrant will be considered to be in breach of Ontario securities law. Accordingly, the OSC would have the various enforcement and sanction powers that are available in connection with any breach of Ontario securities laws.
Calculation of market capitalization	One commenter noted that the calculation of market capitalization under the concept proposal published in March, 2001 (the "Concept Proposal") included only those classes of equity and debt securities listed on a Canadian stock exchange, whereas the Proposed Rule does not carve out unlisted securities. The commenter suggested that unlisted securities (including debt securities) be excluded from the calculation of market capitalization. The commenter argued that unlisted securities are not part of market activity and therefore, the holders should not be required to pay for oversight of those securities.	In staff's view, trading in securities that are not listed on a Canadian stock exchange can still be considered "market activity". There are a very large number of Canadian reporting issuers whose securities are not listed on any Canadian stock exchange, yet their securities are still issued to and traded by Ontario residents. In defining market capitalization for Class 1 reporting issuers, staff felt that it would be inappropriate to ignore the market for corporate debt (which is actually many times larger than the market for equity securities) in defining market capitalization, particularly since Class 2 reporting issuers must factor their long term debt into their calculation of market capitalization. It is only in the case of Class 3 reporting issuers that staff was prepared to confine the calculation of market capitalization to securities listed or traded on a marketplace. Staff felt that this different treatment was warranted because a publicly traded foreign issuer will typically be subject to principal regulatory oversight in a foreign jurisdiction. Where the securities of a foreign issuer are not listed on any marketplace, the calculation of market capitalization is the same as for a Class 2 reporting issuer.
Public companies with public subsidiaries	One commenter expressed concern that the rule results in the payment of duplicate participation fees by public companies that have public subsidiaries. The exemption provided in Section 2.2(2) is not available to the commenter as their ownership of their various subsidiaries ranges from 56% to 78%. The commenter feels that an assessment on the capitalization of each company without regard for the ownership structure results in a disproportionate share of the participation fees being paid by a corporation with subsidiaries compared to a corporation with a different corporate structure.	As the commenter is a public company, its public subsidiaries are subject to the participation fee as they are all market participants. The intention is not to charge duplicate fees; therefore, the 90% exemption found in 2.2(2) is provided for cases where essentially all of the assets and revenues of the subsidiary are the assets and revenues of the parent. In considering cases where ownership is less than 90%, staff decided that as the subsidiary is not wholly owned the cost of regulating the parent who has assets and revenues that are not essentially the same as the subsidiary are the same or more as regulating a similar corporation with no subsidiaries. As well, the cost of regulating the subsidiary is the same as the cost of regulating a similar sized corporation that has no parent.

Theme	Detailed Comments and Arguments	Response
		As the fees are based on participation in the markets, staff decided that it is appropriate to charge both the parent and the subsidiary in these cases.
Non-resident registrants	One commenter was concerned about the fact that international and non-resident dealers and advisers would be subject to the CM Participation Fees. The commenter said that such fee "does not appear to be supported by the level of OSC regulation and oversight as such registrants participate primarily in the exempt market with institutional clients". The commenter submitted that "the demands imposed on the Commission in the regulation and oversight of international dealers and advisers, most of whom are registered with the U.S. Securities and Exchange Commission or other foreign regulators, do not warrant such a radical departure from the current fee structure in respect of such registrants." To address its concerns, the commenter suggested an adjustment to the level of annual registration fees payable by non-resident registrants in lieu of the CM Participation Fees.	The OSC considered the issue of non-resident registrants being subject to the CM Participation Fees notwithstanding that they participate primarily in the exempt market with institutional clients. The OSC believes that there is no reasonable basis to treat non-resident registrants differently from other registrants (such as limited market dealers) that also operate primarily in the exempt market, by excluding non-resident registrants from the application of the CM Participation Fees. However, the OSC recognized that non-resident registrants are subject to regulation, and their revenues would be obtained primarily from activities, in their home jurisdiction. Accordingly, the CM Participation Fees of non-resident registrants are calculated differently from the CM Participation Fees of other registrants, in that the CM Participation Fees of the former would be based on the percentage of total revenues attributable to capital markets activities in Ontario. Based on the proposed calculation, the OSC believes that the fees of non-resident registrants would not be significant. The commenter's proposed alternative of adjusting the annual registration fee will not work because the OSC has already made a decision to replace it with the CM Participation Fees. As for the exempt distribution fees, the OSC stated in the Concept Proposal that issuers who pay participation fees would no longer be subject to any fee for their exempt distributions. However, issuers who do not pay any participation fee would be subject to an exempt distribution fee of only $2000. This is reflected in the new item B of Appendix C – Activity Fees.
Managers of foreign investment funds or assets pertaining to foreigners	A few commenters expressed concerns that managers of foreign investment funds (whose securities may also be privately placed in Ontario) or assets of foreign clients that are invested outside Canada would be subject to the CM Participation Fees. One commenter thought that, in respect of a foreign	After due consideration of the comment, the OSC determined not to make any change to the Proposed Rule. The OSC's intention is for the CM Participation Fees to be based on gross revenue, including revenues generated from assets pertaining to foreign investors and Ontario assets invested outside Canada.

Theme	Detailed Comments and Arguments	Response
	investment fund, the OSC would end up collecting multiple fees – i.e., the exempt distribution fee payable by the foreign investment fund for any private placement in Ontario; the participation fee payable by a limited market dealer on revenues generated from the private placement in Ontario; and the participation fee payable by the investment fund manager on revenues from providing investment management to the foreign investment fund. Anther commenter was concerned that the "participation fees will compel asset managers who advise international clients to relocate outside" Ontario.	
Investors in mutual funds should be treated the same as investors in corporate finance issuers	One commenter stated that the proposed prospectus fee for each mutual fund does not reflect the true cost of regulating mutual funds. For this commenter, since both mutual funds and corporate finance issuers are subject to the same regulatory requirements – timely and continuous disclosure filings and prospectus amendments – their securityholders should be treated the same insofar as the burden of the regulatory cost is concerned. The commenter believes that the CF Participation Fees treat shareholders of corporate issuers as indirect participants in Ontario's markets because they bear the burden of such fees. The commenter thinks that, similarly, securityholders of mutual funds should bear more of the regulatory costs than is currently contemplated by the Proposed Rule, in order to reflect their share of the true cost of the ongoing regulation of mutual funds. The commenter made the following suggestions to correct what it perceived to be a more favourable fee treatment for mutual funds under the Proposed Rule. The prospectus fees in Appendix "C: of the Proposed Rule could be amended to more accurately reflect the true cost of regulating mutual funds. Alternatively, mutual funds could be made subject to a participation fee similar to that prescribed in Appendix "A" of the Proposed Rule.	As investors in corporate finance issuers, mutual funds and their securityholders bear indirectly the fees currently paid by corporate finance issuers, and will continue to bear indirectly the participation fees and activity fees payable by corporate finance issuers under the Proposed Rule. Moreover, section 3.8 of the Proposed Rule has been deleted so that a fund manager is no longer precluded from passing the cost of its CM Participation Fees to the investment funds (and their securityholders) under its management. All in all, securityholders of investment funds will bear the burden of three fees: the participation and activity fees payable by issuers in which their fund is invested in; the participation fees of their fund's investment fund manager; and their fund's own activity fees. Accordingly, the OSC believes that there is no reason to impose a participation fee on investment funds directly or to change the activity fees that would be applicable to them.
Multiple mutual funds in one prospectus document	Some commenters said that the proposed fee for the prospectus of multiple mutual funds contained in a single document are excessive, and that some form of discount would be appropriate. In these commenters' view, "certain efficiencies must accrue with the overlap of material provisions that would be common to a family of funds". The activity fee payable should reflect the work required on the part of regulatory staff.	It is true that the use of a single document containing the prospectuses of several mutual funds (the "Multiple-Prospectus Document") could achieve certain efficiencies. It enables fund companies, for example, to obtain receipts for several prospectuses in the same amount of time that a receipt is obtained for one prospectus. However, the use of a Multiple-Prospectus Document also gives rise to filings-related problems the resolution of which invariably requires the use of the OSC's administrative (and sometimes legal) resources. These filings-related problems arise before the filing, during the processing, or following completion of the processing of a Multiple-Prospectus Document. The proposed $600 prospectus fee per fund is already 25% less than the current preliminary prospectus fee of $800 per fund (and is substantially less than the current (final) prospectus fee based on a percentage of sales

Theme	Detailed Comments and Arguments	Response
		of the funds). The fact that a Multiple-Prospectus Document contains information common to funds in the same family has not significantly reduced the work necessary to complete a review of the document. On the contrary, the review of fund-specific information of several funds, which are different from each other and could give rise to different regulatory issues, requires significantly more work to complete. When regulatory issues arise as a result of staff's review of a fund's prospectus, the amount of $600 per fund is not adequate to defray the costs (in terms of professional resources) incurred by the OSC in resolving them. The deficiency, however, is covered by the fees of other funds included in the Multiple-Prospectus Document, whose prospectuses do not give rise to regulatory problems. Accordingly, the OSC cannot accept the commenters' suggestion that the proposed prospectus fee be reduced for Multiple-Prospectus Documents.
Fees on exempt affiliate	One commenter said that the Proposed Rule indirectly imposes fees on its exempt affiliate. This commenter manages the asset of its affiliate, and the fees received from asset management accounts for more than 95% of its revenues. The commenter believes it is "inappropriate to levy fees on this activity which would be exempt if conducted in-house" by its affiliate.	If the affiliate's assets were to be managed by an unrelated fund or asset manager, the resulting revenues of the latter would be subject to the CM Participation Fees. The fact that the asset management is carried on by the commenter should not give rise to a different result.
CM Participation Fees and SRO members' fees	One commenter reiterated its previous comment that the fee schedule does not take into account the fees paid by SRO members. This commenter thought that much of the OSC's responsibility for regulation of dealers has been downloaded to SROs. Therefore, according to the commenter, either the OSC funds the activities of the SROs or the participation fee of SRO members should be reduced by the amount of the SRO fees. Otherwise, this commenter believes that SRO members would effectively be subsidizing other market participants that are not SRO members.	The OSC reiterates that its fees are based on its own costs of regulation. This includes the costs incurred by the OSC in carrying out oversight of SRO operations, for which no fee is being charged against the SROs in recognition of the importance of their role in securities regulation.
Impact of capital markets fees	One commenter said that smaller money managers will experience significant increases in their fees when the Proposed Rule is implemented. In the specific circumstances of the commenter, its fees would increase by 800%. The commenter said this is unreasonable.	The OSC anticipated that a small number of market participants would, under the new fee model, be paying significantly more than they are currently paying. However, a greater number of market participants would benefit from an overall reduction in the fees that they would have to pay. On this basis, the OSC believes that the new fee model is generally reasonable.
Investment fund managers or portfolio managers should be able to charge their CM	Several commenters said that the Proposed Rule will alter the contractual relationship between fund managers and the investment funds they manage (or the investors in such funds). According to these commenters, the pricing of investment products is a very technical and competitive endeavour that takes into consideration regulatory fees and many costs. By increasing the fees for regulation but	After much debate, the Proposed Rule has been revised by deleting section 3.8. By deleting this provision, an investment fund manager (whether or not registered) is no longer prohibited from passing on the cost of its CM Participation Fees to the investment

Theme	Detailed Comments and Arguments	Response
Participation Fees to the investment funds under management or to the clients of the portfolio managers	not permitting them to be passed on to the clients or investors, the OSC is upsetting the delicate and fixed pricing already established and upon which corporate budgeting is based. These commenters said the OSC staff position that fund managers may recoup participation fees by seeking unitholder approval to increase management fee is unrealistic. In their view, it is not a simple matter to seek unitholder approval or to renegotiate management fees with clients pursuant to account agreements. Unitholder meetings are expensive and will simply increase costs to funds and fund managers. Most unitholders will naturally be against any increase and private clients can refuse to re-open an investment management agreement to charge higher management fees.	funds under its management. If it does, the OSC would expect that the portion of the fee charged to each fund under management would be accounted for separately in the records of the fund and be clearly described as the fund's share of the regulatory fees paid by the fund manager. It would also be expected that the fund manager, acting in good faith and in the best interest of the funds under its management, would make a reasonable and equitable allocation of the regulatory fees among all of them. Also, the requirement of clause 5.1(a) of NI 81-102 for unitholder approval would not be necessary. This is because regulatory fees are already currently paid by mutual funds, albeit in the form of distribution fees. Since it is expected that the new fee model would generally result in an overall reduction of the fees payable by market participants, the change in the basis for calculating the regulatory fees charged to the fund should not result in an increase in charges to the mutual fund. As to whether or not fund managers can charge the cost of their CM Participation Fees to clients whose accounts are under their discretionary management, the absence of a prohibition indicates that they may also do so, without revisiting their client agreements. At the very least, though, it would be expected that any increase in the fees charged by a fund manager to its clients would be disclosed to them as their share of the regulatory fees paid by the fund manager.
Tiers of fees in Appendix B are too broad.	Several commenters reiterated previous comments about the broad tiers of CM Participation Fees as proposed in Appendix B. Although each commenter articulated specific issues , they all share the following underlying concerns • the tiers are so broad that a nominal increase in gross revenues could result in significant increase in CM Participation Fees. • Appendix B would treat participants inequitably as firms with very divergent gross revenues would bear the same amount of participation fees. Two commenters suggested that the OSC adopt a different schedule that would be more consistently proportionate and equitable. One commenter reiterated its previous suggestion that a percentage-based set of tiers be adopted, even if it may result in more fluctuation in OSC revenues. This commenter believes that the flat fees currently proposed	The proposed structure of the participation rates and tiering was designed to minimize volatility in fees to participants and revenue to the OSC. While the markets are currently in an extended downturn, the medium to long-term time trend is positive. That is, in general, revenue is on a rising trend over time. Narrower tiers would result in a more rapid increase in participation fees and OSC revenue. Conversely, during an extended downturn in the market, the OSC generally faces increasing costs, particularly in the areas of enforcement and compliance. Given that the primary purpose of the change in fee structure is to align costs with revenue, a more rapid decline in revenues, implied by narrower tiers, could put the OSC in the difficult, if not untenable position, of raising fees during a period of market participant retrenchment. Statistically, the proposed structure of the participation fee tiers most effectively balances the goals of stability in fee payments with

Theme	Detailed Comments and Arguments	Response
	in Appendix B would not necessarily give a "stable" revenue for the OSC. In the commenter's view, market fluctuations will cause participants to move above or below the gross revenue thresholds, resulting in an increase or decline of expected OSC revenues. In generally rising markets, over time, the OSC would benefit from bull market years, when revenues will outpace the budgeted cost of regulation. The OSC should be required to manage such surpluses prudently to cover market regulation costs in weaker market years. Another commenter suggested • an increase in the number of fee categories so that the increase in fees when a registrant moves from one category to the next is not as drastic, or • an introduction of some method of pro-rating the fee so that the increase in fees more closely matches the percentage change in a registrant's gross revenues. This commenter also suggested that it would not be administratively burdensome to establish a method to pro-rate the fees payable within each bracket. It would not make it more difficult for the OSC to budget its revenues and, in fact, may enhance its ability to do so. This is because the OSC would not be subject to sudden fee decreases in circumstances where a relatively minor decrease in revenues would put a manager in a lower participation fee tier and a corresponding substantial drop in fees payable to the OSC. Another commenter suggested that Appendix B be amended such that participation fees applicable to the tiers be expressed as a percentage of an entity's specified Ontario Revenues, rather than a fixed amount.	flexibility through re-evaluation of the schedule every three years. In terms of the fees as a percentage of revenue and the incremental fees moving up a tier, both average less than 0.1%. The fee for companies with less than $5 million in revenues was lowered relative to the rest of the schedule in order to improve access to the market for smaller companies and start-ups. The rest of the fee schedule shows a slight decline in fees as a percentage of revenue to reflect the cost of regulation, which tends to fall in relative terms as the size of the organization increases. In other words, while regulation of a firm with $1 billion in revenue will cost more than the regulation of a firm with $100 million, it doesn't cost ten times as much. The balancing concern is that a firm with $1 billion in revenue does receive a substantially greater benefit from participation in the markets than the smaller firm. The principles of basing regulation on cost-benefit analysis and avoiding barriers to entry support the proposed fee structure.
Calculation of fees of non-SRO members	One commenter is in favor of the approach for determining the CM Participation Fees fee payable by dealers that are not IDA or MFDA members – i.e., based on gross revenues earned from capital markets activities in Ontario. The commenter suggested a revision of paragraph 3.6(1)(a) of the Proposed to reflect that approach.	As suggested, paragraph 3.6(1)(a) of the Proposed Rule has been revised so that it refers to "the gross revenues earned from capital markets activities of the registrant firm….."
Time of payment/ transition	One commenter noted that, under subsection 3.2(2) of the Proposed Rule, unregistered investment fund managers must pay participation fees no later than 90 days after the end of each financial year. The commenter is concerned that, if the selected implementation date is one that occurs late in the calendar year, its members will have to pay a second set of fees after having only recently paid under the old fee schedule in accordance with prospectus renewal dates of its members' funds. This would lead to a significantly increased fee burden during the transition period. The commenter said that it is important to establish a firm implementation date and clarify how the industry will be expected to pay fees during the transitional period.	Section 7.1 of the Proposed Rule specifies the date (the "Specified Date") that it becomes effective, April 1, 2003. Some mutual funds that are in continuous distribution may still have to pay the required distribution fee up to the Specified Date. Others may not have to if their distributions prior to the Specified Date result in a fee that is less than the fee for the pro forma prospectus. Even if an investment fund manager's CM Participation Fees during the transition period are charged to a mutual fund under its management, the CM Participation Fees may be a lot less than the distribution fees payable by the mutual fund during the same period. Accordingly, the OSC

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		does not expect a great number of mutual funds to be significantly burdened with both the former distribution fee and their share of the fund manager's CM Participation Fees during the transition period. If any mutual fund finds itself to be the exception during the transition period, the OSC is open to considering reasonable proposals for installment payments until both fees are covered.
"Ontario percentage" applicable to market participants with establishments in Ontario	A few commenters objected to the requirement that market participants with permanent establishments in Ontario use their tax-related percentage in determining their CM Participation Fees. In particular, they felt that it would result in Ontario-based mutual fund companies paying to this province fees that are inappropriately high, while at the same time paying fees to other provinces based on net or gross mutual fund sales. They also thought that it provides a strong disincentive for new firms to set up their primary operations in Ontario. They would like the OSC to consider doing away with the permanent establishment concept and simply base the CM Participation Fees on revenues "attributable to capital market activities in Ontario".	After due consideration of the comment, the OSC determined not to make any change to the Proposed Rule. Since section 3.8 has been deleted from the Proposed Rule, investment fund managers would not be precluded from charging the CM Participation Fees to the funds under their management. The OSC is also well aware that the funds would continue to pay distribution fees based on the value of securities sold in the other jurisdictions. Even so, the OSC is strongly of the view that each fund's share of the investment fund managers' CM Participation Fees would still be less than the fees that each fund is now required to pay under the current fee regime.
Gross revenue as basis for participation fees	One commenter said that using gross revenue as a basis for charging participation fees is too simplistic and may have negative or unintended impacts on the investment funds industry. The use of gross revenue as a basis for charging participation fees equates to a revenue tax that will likely cause mutual fund managers to re-evaluate and restructure their organizations as they seek to reduce the revenue subject to such tax. This could result in a number of unintended negative consequences, including: • reduced revenue for the OSC; • increased costs to mutual fund managers (and possibly unitholders) to effect any changes; • an inability to account for different current and future business models used by mutual fund managers; and • an uneven playing field for market participants that is driven by corporate structures. Using gross revenues as a basis for charging participation fees ignores the reality that revenues of a registrant are not necessarily directly correlated with the usage of regulatory services by that registrant.	The commenter objects to the use of a market participant's "gross revenue" from capital markets activities as a basis for calculating the CM Participation Fees. The reason for this objection would appear to be because it would catch the market participant's revenues from operations in the exempt market. In other words, it would appear that the commenter would like revenues from the exempt market to be excluded from the calculation of CM Participation Fees. The OSC disagrees with the suggestion that revenues from a market participant's exempt-market operations should not be subject to the CM Participation Fees. Although the exempt market is not as regulated as the non-exempt market, the OSC believes that the public confidence in Ontario's capital markets, which results from its regulation, benefits both sectors of the market. For this reason, the OSC is not persuaded that revenues from the exempt market operations of a market participant should be carved out from the calculation of gross revenues for the purpose of determining the applicable CM Participation Fees.
Gross revenue as basis for participation fees	One commenter reiterated its previous comment that basing the participation fees for a registrant on its gross revenue attributable to Ontario is an inappropriate measure. The allocation of income takes into account many aspects of a market player's activities, which may	After due consideration of the comment, the OSC determined not to make any change to the Proposed Rule. The new fee model is intended to apply to all market participants regardless of their structure.

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	not directly relate to participation in Ontario's capital markets, but rather reflect the business structure that the registrant has adopted, such as a centralized head office. This will result in gross revenue being allocated to Ontario and thus increasing the participant fee, even though the expenses associated with this revenue are incurred to support activities outside Ontario. The better measure, according to the commenter, is the value of securities or assets under administration for residents in the jurisdiction.	
Canadian GAAP requirement with respect to reported components of revenue in Form 13-503F3 - Notes and Instructions	One commenter expressed concern about the Canadian GAAP requirement in Form 13-502F3 with respect to reported "components of revenue", insofar as it applies to non-resident registrants and unregistered foreign fund managers. At present, international dealers are not required to file annual financial statements with the OSC. Under OSC Rule 35-502, most international advisers are also exempt from this requirement. Unregistered foreign fund advisers are not required to file their financial statements in Ontario. Should the OSC insist on the use of Canadian GAAP qualified financial statements in the calculation of specified Ontario revenue, international dealers, international advisers and foreign fund advisers will incur significant additional accounting, administrative and operational costs in the preparation of Canadian GAAP financial statements.	To address the commenter's concern on behalf of international dealers and advisers and foreign fund managers, item 2 in the Notes and Instructions of Form 13-502F3 has been revised to read as follows: "…..generally accepted accounting principles ('GAAP'), or such equivalent principles applicable to the audited financial statements of international dealers and advisers and foreign investment fund managers, except that revenues should be reported on an unconsolidated basis. …."
Deductions from gross revenue – advisory fees paid to Ontario registrants	One commenter suggested that paragraph 3.6(3)(a) of the Proposed Rule be revised so that it refers to "advisory fees or sub-advisory fees" rather than to "sub-advisory fees" only. The commenter thinks that the current text applies only in a situation where a fund manager that is also the portfolio adviser engages the services of a portfolio sub-adviser. The revision is suggested so that the provision applies to a fund manager that is not also the portfolio adviser, and who contracts out portfolio management of a fund to a portfolio adviser that is a registrant firm in Ontario.	For additional clarity, paragraph 3.6(3)(a) of the Proposed Rule has been revised so that it refers to both "advisory fees" and "sub-advisory fees".
Deductions from gross revenue – advisory fees paid to non-Ontario registrants	Two commenters objected to the deduction permitted by paragraph 3.6(3)(a) of the Proposed Rule being limited to payments to advisors or sub-advisors that are registrants in Ontario. These commenters state that, although many Ontario-based primary portfolio advisors ("PPA") engage the services of non-registrant sub-advisors, liability for the advice provided by such sub-advisors rests with the Ontario-based PPA. Accordingly, the commenter would like the provision in question to be revised so that it permits the deduction from gross revenues of all advisory or sub-advisory fees, whether or not the payee is another registrant firm in Ontario.	The point of the permitted deduction for amounts paid to another registrant firm in Ontario is that those amounts would be included in the gross revenue of the latter for the purpose of the latter's CM Participation Fees. The law does not permit any person or company to engage in the business of advising in Ontario, unless the person or company is registered or exempt from registration under the Act. Accordingly, a PPA who decides to engage the services of a sub-advisor for its clients in Ontario generally has a legal responsibility to ensure that the sub-advisor is registered in Ontario. The PPA may appoint a non-Ontario registrant to act as sub-advisor in reliance upon section 7.3 of Rule 35-502, which requires the PPA to assume responsibility for the advice provided

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		by the sub-advisor. If the PPA chooses to enable a non-Ontario registrant to act as sub-advisor to Ontario clients, the PPA should also assume the responsibility for the CM Participation Fees that the sub-advisor would have had to pay if it were a registrant firm in Ontario.
Deductions from gross revenue – trailing commissions	One commenter said that it manages funds-of-funds which include underlying funds managed and investment managed by third-party managers who are unrelated to the commenter. The fund-of-funds discretionary relief obtained by the commenter has a condition that prohibits duplication of certain fees payable by the top funds. To comply with this condition, the commenter negotiated certain payments to be made by certain third-party managers to the commenter, described as "trailing commissions". These payments would be used by the commenter to pay the trailing commissions to an affiliate (which is the principal distributor of the commenter's funds) and to unrelated mutual fund dealers and investment dealers who participate in the distribution of such funds. The affiliate and the other participating dealers are registrant firms in Ontario and would be including the trailing commissions received from the commenter in their own gross-revenue determination. Subsection 3.6(3)(b) precludes the third-party managers from deducting from their gross revenues the payments made to the commenter, because the commenter is not a "registrant firm" in Ontario. The commenter submitted that this would result in the OSC collecting double fees on such amounts, which would ultimately be included in the gross revenues of the affiliated principal distributor and the participating dealers. Accordingly, the commenter suggested a revision of paragraph 3.6(3)(b) of the Proposed Rule to permit third-party fund managers, in the circumstances described, to deduct the payments made to the commenter.	The OSC believes that the specific circumstances of the third-party manager and the commenter would be best dealt with by an application for relief.
Request for deduction from gross revenue of management fee rebate	One commenter said that management fee rebates are a common attribute of fund-of-fund structures where the underlying funds do not have an "I" class or "O" class with a reduced, institutional management fee. This type of rebate is specifically contemplated by the proposed fund-of-funds amendments to NI 81-101 and 81-102. Management fee rebates payable by an underlying fund manager to a top fund in a fund-of-fund structure should be deductible from the underlying fund manager's gross revenues. The inability to deduct management fee rebates would disadvantage those underlying fund managers whose funds do not offer classes or series of securities that carry a lower, institutional management fee. The commenter suggest that subsection s. 3.6(3) of the Proposed Rule be amended to permit managers of underlying funds in fund-of-fund structures to deduct from their gross revenues all management fee rebates.	After due consideration of the comment, the OSC determined not to make any change to the Proposed Rule. The OSC's intention is for the CM Participation Fees to be based on gross revenues.
Calculation of gross	The OSC previously received a comment that the fee model did not deal with the situation where a capital	The OSC disagrees with the commenter's statement that "underwriting debt and equity

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revenues for IDA members	market participant earns revenues that are not attributable to capital market activities. The OSC has addressed this concern in respect of non-IDA and non-MFDA members by defining gross revenues in note 1 under Notes and Instructions – Part III of Form 13-502F3, as "all revenues earned from capital markets activities reported on a gross basis as per the audited financial statements". Capital market activities are defined in Part 1 of proposed Rule to include "trading in securities, providing securities related advice, portfolio management, and investment fund management and administration". Non-capital markets activities can be excluded in determining gross revenues for non-MFDA and non-IDA members. This is not the case for IDA members. Section 3.4 (a) of the Rule requires IDA members to use the "Total Revenue" figure on the summary statement of income contained in the Joint Regulatory Financial Questionnaire and Report of the IDA for the financial year (the "JFQR"). According to the commenter, "[T]otal Revenue on the JFQR includes non-capital markets activities such as revenues earned through underwriting debt and equity and corporate advisory fees". (underline added) As these activities do not fall within the definition of capital markets activities as set out in the Rule they should be excluded.	securities" does not come within the definition of "capital markets activities". To the extent that a person or company underwrites an equity or debt offering with a view to selling the underwritten securities in the primary or secondary market, the activity constitutes "trading in securities". With respect "corporate advisory fees" for advisory activities unrelated to trading in securities (including underwriting), the OSC agrees that they should be excluded from gross revenue determination. The definition of "capital markets activities" has been revised so that it does not catch these advisory activities.

APPENDIX C
TO
NOTICE OF FINAL
RULE 13-502 – FEES, INCLUDING
FORMS 13-502F1, 13-502F2, 13-502F3 AND 13-502F4, AND
COMPANION POLICY 13-502CP – FEES

CONSEQUENTIAL AMENDMENTS

AMENDMENTS TO ONTARIO SECURITIES COMMISSION POLICY 12-602, RULES 45-501, 45-502 AND 45-503, AND COMPANION POLICY 91-504CP

Part 1 AMMENDMENT

1.1 **Policy 12-602 Amendment** – Policy 12-602 Deeming a Reporting Issuer in Certain Other Canadian Jurisdictions to be a Reporting Issuer in Ontario is amended by deleting subsection 4.1(9) and substituting for that subsection:

"(9) the filing fee prescribed under Rule 13-502 Fees."

1.2 **Rule 45-501 Amendment** – Rule 45-501 Exempt Distributions is amended by

(a) deleting section 7.3 and substituting for that section:

"7.3 [deleted]";

(b) deleting section 7.4 and substituting for that section:

"7.4 [deleted]";

(c) deleting subsection 7.5(4) and substituting for that subsection:

"(4) [deleted]";

(d) deleting subsection 7.5(5) and substituting for that subsection:

(5) [deleted]";

(e) deleting subsection 7.5(6) and substituting for that subsection:

(6) [deleted]";

(f) deleting section 7.6 and substituting for that section:

"7.6 [deleted]"; and

(g) deleting section 7.7 and substituting for that section:

"7.7 Report of a Trade Made under Section 2.12 – If a trade is made in reliance upon an exemption from the prospectus requirement in section 2.12, the issuer shall, not later than thirty days after the financial year end of the issuer in which the trade occurred, file a report, in duplicate, prepared in accordance with Form 45-501F1."

1.3 **Form 45-501F1 Amendment** – Form 45-501F1 – Securities Act (Ontario) Report under Section 72(3) of the Act or Section 7.5(1) of Rule 45-501 is amended by

(a) deleting item 8 and substituting for that item:

"8. Has the seller paid a participation fee for the current financial year in accordance with Rule 13-502?"; and

(b) deleting instruction 3 and substituting for that instruction:

"3. If the seller has not paid a participation fee for the current financial year, or if this form is filed late, a fee may be payable under Rule 13-502. Otherwise, no fee is payable to the Commission in connection with the filing of this form. Cheques must be made payable to the Ontario Securities Commission."

1.4 **Rule 45-502 Amendment** – Rule 45-502 Dividend or Interest Reinvestment and Stock Dividend Plans is amended by deleting Part 6, by renumbering Part 7 as Part 6, and by renumbering section 7.1 as section 6.1.

1.5 **Rule 45-503 Amendment** – Rule 45-503 Trades to Employees, Executives and Consultants is amended by deleting Part 11, by renumbering Part 12 as Part 11, and by renumbering section 12.1 as section 11.1.

1.6 **Companion Policy 91-504CP Amendment** – Companion Policy 91-504CP to Ontario Securities Commission Rule 91-504 Over-the-Counter Derivatives is amended by

(a) deleting subsection 6.4(2) and substituting for that subsection:

"(2) Any OTC derivative transaction effected in reliance upon a paragraph of section 72 of the Act enumerated in subsection 72(3) triggers the requirement of the filing of a Form 45-501F1 and payment of the requisite filing fee, if any, under Rule 13-502."; and

(b) deleting subsections 6.4(3) and 6.4(4).

Part 2 EFFECTIVE DATE

2.1 **Effective Date** – This amendment comes into force on the date that Ontario Securities Commission Rule 13-502 Fees comes into force.

5.1.2 OSC Rule 13-502 Fees

ONTARIO SECURITIES COMMISSION
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FEES

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ONTARIO SECURITIES COMMISSION
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PART 1 DEFINITIONS

1.1 Definitions

(1) In this Instrument,

"capitalization" means, for a reporting issuer, the capitalization determined in accordance with section 2.5, 2.6 or 2.7;

"capital markets activities" means

(a) activities for which registration under the Act or an exemption from registration is required, and

(b) investment fund management and administration;

"Class 1 reporting issuer" means a reporting issuer that is incorporated or that exists under the laws of Canada or a jurisdiction and that has a class of equity securities listed and posted for trading, or quoted on, a marketplace in either or both of Canada or the United States of America;

"Class 2 reporting issuer" means a reporting issuer that is incorporated or that exists under the laws of Canada or a jurisdiction other than a Class 1 reporting issuer;

"Class 3 reporting issuer" means a reporting issuer that is not incorporated and that does not exist under the laws of Canada or a jurisdiction;

"corporate debt" means debt issued in Canada by a company or corporation that has a remaining term to maturity of one year or more;

"education savings plan" means an agreement between one or more persons and another person or organization, in which the other person or organization agrees to pay or cause to be paid, to or for one or more beneficiaries designated in connection with the agreement, scholarship awards to further the beneficiaries' education;

"entity" means a company, syndicate, partnership, trust or unincorporated organization;

"equity security" has the meaning ascribed to that term in subsection 89(1) of the Act;

"IDA" means the Investment Dealers' Association of Canada;

"investment fund" means a mutual fund, a non-redeemable investment fund or a scholarship plan;

"investment fund family" means two or more investment funds that have

(a) the same manager, or

(b) managers that are affiliated entities of each other;

"investment fund manager" means the person or company that directs the business, operations and affairs of an investment fund;

"marketplace" has the meaning ascribed to that term in National Instrument 21-101 Market Operation;

"MFDA" means the Mutual Fund Dealers Association of Canada;

"Ontario percentage" means, for the financial year of a person or company

(a) that has a permanent establishment in Ontario, the percentage of the income of the person or company allocated to Ontario for the financial year in the corporate tax filings made for the person or company under the ITA, or

(b) that does not have a permanent establishment in Ontario, the percentage of the total revenues of the person or company attributable to capital markets activities in Ontario;

"registrant firm" means a person or company registered as one or both of a dealer or an adviser under the Act;

"scholarship plan" means an issuer of a document constituting, or representing an interest in, an education savings plan and that issues securities that are related to discrete pools of assets referable to more than one education savings plan;

"specified Ontario revenues" means, for a registrant firm or an unregistered investment fund manager, the revenues determined in accordance with section 3.4, 3.5 or 3.6;

"subsidiary entity" has the meaning ascribed to "subsidiary" under GAAP; and

"unregistered investment fund manager" means an investment fund manager that is not registered under the Act.

(2) In this Rule, the person or company of which another person or company is a subsidiary entity is considered to be a parent of the subsidiary entity.

PART 2 CORPORATE FINANCE PARTICIPATION FEES

2.1 Application - This Part does not apply to an investment fund other than an investment fund that does not have an investment fund manager.

2.2 Participation Fee

(1) A reporting issuer shall pay, for each of its financial years, the participation fee shown in Appendix A that applies to the reporting issuer according to the capitalization of the reporting issuer, as determined under section 2.5, 2.6 or 2.7, as at the end of its previous financial year.

(2) Subsection (1) does not apply to a reporting issuer that is a subsidiary entity for a financial year of the subsidiary entity, if

(a) the parent of the subsidiary entity is a reporting issuer;

(b) the parent of the subsidiary entity has paid the participation fee required for itself by subsection (1) for the financial year; and

(c) the net assets and gross revenues of the subsidiary entity represent more than 90 percent of the net assets and gross revenues of the parent for the previous financial year of the parent of the subsidiary entity.

2.3 Time of Payment

(1) A reporting issuer shall pay the participation fee no later than the date on which its annual financial statements are required to be filed.

(2) If the financial statements of a Class 2 reporting issuer or a Class 3 reporting issuer that calculates its participation fee under paragraph 2.7(b) are not available by the date referred to in subsection (1), the Class 2 reporting issuer or Class 3 reporting issuer shall pay the participation fee for a financial year on the basis on a good faith estimate of its capitalization as at the end of that financial year.

(3) A Class 2 reporting issuer or Class 3 reporting issuer that paid a participation fee under subsection (2) shall, when it files its annual financial statements for the applicable financial year, calculate the participation fee on the basis of those financial statements, and

(a) pay any amount of the participation fee not paid under subsection (2); or

(b) be entitled to receive from the Commission a refund of any amount paid under subsection (2) in excess of the participation fee payable for that financial year.

2.4 Form Requirements

(1) A reporting issuer shall file a Form 13-502F1, completed in accordance with its terms, at the time that it pays the participation fee required by this Part.

(2) A Class 2 reporting issuer or Class 3 reporting issuer shall file a Form 13-502F2, completed in accordance with its terms, in connection with the adjustment of a payment made under subsection 2.3(2) in accordance with subsection 2.3(3).

2.5 Calculation of Capitalization for Class 1 Reporting Issuers - The capitalization of a Class 1 reporting issuer at the end of a financial year of the Class 1 reporting issuer is the aggregate of

(a) the market value of each class or series of equity securities of the reporting issuer outstanding on that date, calculated by multiplying

(i) the total number of securities of the class or series outstanding on that date; and

(ii) the simple average of the closing price of the class or series of securities as of the last trading day of each of the months of the financial year of the reporting issuer on

(A) the marketplace in Canada on which the highest volume of the class or series of securities were traded in that financial year, or

(B) if none of the class or series of securities were traded on a marketplace in Canada, the marketplace in the United States of America on which the highest volume of the class or series of securities were traded in that financial year, and

(b) as determined by the reporting issuer, the market value, at the end of the financial year, of each class or series of corporate debt or preferred shares

(i) of the reporting issuer, and

(ii) a subsidiary entity of the reporting issuer that is exempt from the requirement to pay a participation fee under subsection 2.2(2).

2.6 Calculation of Capitalization for Class 2 Reporting Issuers - The capitalization of a Class 2 reporting issuer at the end of a financial year of the reporting issuer is the aggregate of each of the following items, as shown in its audited balance sheet as at the end of the financial year,

(a) retained earnings or deficit;

(b) contributed surplus;

(c) share capital or owners' equity, options, warrants and preferred shares;

(d) long term debt, including the current portion;

(e) capital leases, including the current portion;

(f) minority or non-controlling interest;

(g) items classified on the balance sheet between current liabilities and shareholders' equity, and not otherwise referred to in this subsection (1); and

(h) any other item forming part of shareholders' equity not otherwise referred to in this subsection (1).

2.7 Calculation of Capitalization for Class 3 Reporting Issuers - The capitalization of a Class 3 reporting issuer at the end of a financial year of the Class 3 reporting issuer is

(a) if the Class 3 reporting issuer has any debt or equity securities listed or traded on a marketplace located anywhere in the world, the aggregate of the value of each class or series of securities so listed or traded, calculated by multiplying

(i) the number of securities of the class or series outstanding on the date,

(ii) the simple average of the closing price of the class or series of securities as of the last trading day of each of the months of the financial year of the reporting issuer on the marketplace on which the highest volume of the class or series of securities were traded in that financial year, and

(iii) the percentage of the class or series registered in the name of, or held beneficially by, an Ontario person; or

(b) if the Class 3 reporting issuer has no debt or equity securities listed or traded on a marketplace located anywhere in the world, calculated by multiplying

(i) the amount determined under section 2.6 for the Class 3 reporting issuer, as if its capitalization were determined under that section, and

(ii) the percentage of outstanding equity securities of the Class 3 reporting issuer registered in the name of, or held beneficially by, Ontario persons.

2.8 Participation Fee for a New Reporting Issuer

(1) Despite sections 2.2 and 2.3, a person or company that becomes a reporting issuer by filing a prospectus that relates to a distribution of securities shall pay a participation fee at the time that the person or company becomes a reporting issuer, calculated by multiplying

(a) the participation fee for the person or company based on a capitalization determined under subsection (2); and

(b) the number of entire months remaining in the financial year of the person or company after it becomes a reporting issuer, divided by 12.

(2) The capitalization of a reporting issuer referred to in subsection (1) for the purpose of calculating the participation fee shall be determined as provided under section 2.5, 2.6 or 2.7, adjusted by

(a) assuming the completion of all distributions contemplated by the prospectus as at the date of filing of the prospectus;

(b) for a Class 1 reporting issuer or a Class 3 reporting issuer, using the issue price of the securities being distributed under the prospectus, as disclosed in the prospectus, as the amount required to be calculated under subparagraph 2.5(a)(ii), paragraph 2.5(b) or paragraph 2.7(a)(ii); and

(c) for a Class 2 reporting issuer; basing its capitalization on the audited financial statements for the most recent financial year contained in the prospectus, adjusted as provided in paragraph (a).

(3) Despite sections 2.2 and 2.3, a person or company that becomes a reporting issuer by filing a non-offering prospectus shall pay a participation fee at the time that the person or company becomes a reporting issuer, calculated by multiplying

(a) the participation fee for the person or company based on a capitalization determined under section 2.6, based on the audited financial statements for the most recent financial year contained in the prospectus; and

(b) the number of entire months remaining in the financial year of the person or company after it becomes a reporting issuer, divided by 12.

(4) Despite sections 2.2 and 2.3, a person or company that becomes a reporting issuer as the result of being deemed to be a reporting issuer by the Commission shall pay a participation fee at the time that the person or company becomes a reporting issuer, calculated by multiplying

(a) for

(i) a Class 1 reporting issuer, the participation fee based on a capitalization determined under section 2.5,

(ii) a Class 2 reporting issuer, the participation fee based on a capitalization determined under section 2.6, and

(iii) a Class 3 reporting issuer, the participation fee based on a capitalization determined under section 2.7, and

(b) the number of entire months remaining in the financial year of the person or company after it becomes a reporting issuer, divided by 12.

(5) The section does not apply to a reporting issuer formed from a statutory amalgamation or arrangement, or a person or company continuing from a transaction to which clause 72(1)(i) of the Act applies.

2.9 Late Fee

(1) Subject to subsection (2), a reporting issuer that is late in paying a participation fee under this Part shall pay an additional fee of one percent of the participation fee payable apart from this section for each business day on which the participation fee remains due and unpaid.

(2) A reporting issuer is not required to pay a fee under this section in excess of 25 percent of the participation fee otherwise payable under this Part.

2.10 Reliance on Published Information

(1) Subject to subsection (2), in determining its capitalization for purposes of this Part, a reporting issuer may rely upon information made available by a marketplace on which securities of the reporting issuer trade.

(2) Subsection (1) does not apply if the reporting issuer has knowledge both

(a) that the information made available by the marketplace is inaccurate; and

(b) of the correct information.

PART 3 CAPITAL MARKETS PARTICIPATION FEES

3.1 Participation Fee - A person or company that is a registrant firm shall pay, for each calendar year, and an unregistered investment fund manager shall pay, for each of its financial years, the participation fee shown in Appendix B that applies to the registrant firm or unregistered investment fund manager according to the specified Ontario revenues of the registrant firm or unregistered investment fund manager for its previous financial year earned from capital markets activities.

3.2 Time of Payment

(1) A registrant firm shall pay the participation fee referred in section 3.1 by December 31 of each year.

(2) An unregistered investment fund manager shall pay the participation fee referred in section 3.1 no later than 90 days after the end of each financial year of the unregistered investment fund manager.

3.3 Form Requirement

(1) A registrant firm shall file a Form 13-502F3, completed in accordance with its terms, by December 1 of each year.

(2) An unregistered fund manager shall file a Form 13-502F3, completed in accordance with its terms, at the time that it pays the participation fee required by this Part.

(3) If the annual financial statements of a registrant firm have not been completed by December 1 in a year, the registrant firm shall

(a) file the Form 13-502F3 due on that date on the basis of a good faith estimate of its specified Ontario revenues as at the end of its previous financial year, and

(b) pay its participation fee by December 31 based on the estimate of the Ontario specified revenues contained in the Form 13-502F3.

(4) A registrant firm that filed its Form 13-502F3 under subsection (3) shall, when its annual financial statements for the applicable financial year have been completed,

(a) file a revised Form 13-502F3 reflecting the annual financial statements;

(b) calculate the participation fee on the basis of those financial statements; and

(c) either

(i) pay any amount of the participation fee not paid under subsection (3), or

(ii) be entitled to receive from the Commission a refund of any amount paid under subsection (3) in excess of the participation fee payable.

(5) A registrant firm shall file a Form 13-502F4, completed in accordance with its terms, in connection with the adjustment in accordance with subsection 3.3(4).

3.4 Calculation of Specified Ontario Revenue for a Member of the IDA - The specified Ontario revenue for a financial year of a registrant firm that is a member of the IDA is calculated by multiplying

(a) the amount indicated by the registrant firm as the Total Revenue on the Summary statement of income contained in the Joint Regulatory Financial Questionnaire and Report of the IDA for the financial year; and

(b) the Ontario percentage of the member of the IDA for the financial year.

3.5 Calculation of Specified Ontario Revenues for a Member of the MFDA - The specified Ontario revenues for a financial year of a registrant firm that is a member of the MFDA is calculated by multiplying

(a) the amount indicated by the registrant firm as its Total Revenue on the Summary statement of the Financial Questionnaire and Report of the MFDA for the financial year; and

(b) the Ontario percentage of the member of the MFDA for the financial year.

3.6 Calculation of Specified Ontario Revenues for Others

(1) The specified Ontario revenues for a financial year of a registrant firm that is not a member of the IDA or the MFDA or of an unregistered investment fund manager is calculated by multiplying

(a) the gross revenues earned from capital markets activities of the registrant firm or unregistered investment fund manager contained in its audited financial statements for the financial year, less the reductions of that amount taken under subsections (2) and (3); and

(b) the Ontario percentage of the registrant firm or unregistered investment fund manager for the financial year.

(2) A person or company may reduce the amount referred to in subsection (1) by deducting the following items otherwise included in total revenue:

(a) redemption fees earned on the redemption of investment fund securities sold on a deferred sales charge basis; and

(b) administration fees relating to the recovery of costs from investment funds managed by the person or company for operating expenses paid on behalf of the investment fund by the person or company.

(3) A person or company may reduce the amount referred to in subsection (1) by deducting the following expenses incurred by the person or company in the applicable financial year:

(a) advisory or sub-advisory fees paid by the person or company to another registrant firm in Ontario; and

(b) trailing commissions paid by the person or company to another registrant firm in Ontario.

3.7 Late Fee

(1) Subject to subsection (2), a person or company that is late in paying a participation fee under this Part shall pay an additional fee of one percent of the participation fee payable apart from this section for each business day on which the participation fee remains due and unpaid.

(2) A person or company is not required to pay a fee under subsection (1) in excess of 25 percent of the participation fee otherwise payable under this Part.

PART 4 ACTIVITY FEES

4.1 Activity Fees - A person or company that files a document or takes an action listed in Appendix C shall, concurrently with the filing of the document or taking of the action, pay the activity fee shown in Appendix C beside the description of the document or action.

4.2 Investment Fund Families - Despite section 4.1, only one activity fee need be paid for an application made by or on behalf of investment funds in an investment fund family, if the application pertains to each investment fund.

PART 5 CURRENCY CALCULATIONS

5.1 Currency Calculations - Any calculation of money required to be made under this Rule that results in a currency other than Canadian dollars shall be translated into a Canadian dollar amount at the daily noon exchange rate posted by the Bank of Canada website on the date for which the calculation is made.

PART 6 EXEMPTIONS

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

PART 7 EFFECTIVE DATE AND TRANSITIONAL

7.1 Effective Date - This Rule comes into force on March 31, 2003.

7.2 Transitional

(1) Each reporting issuer to whom Part 2 will apply shall pay an initial participation fee, no later than 90 days after this Rule came into force, for the remainder of its current financial year.

(2) The fee referred to in subsection (1) shall be calculated by multiplying

(a) the participation fee provided for under Appendix A applicable to the capitalization of the reporting issuer, as determined under section 2.5, 2.6 or 2.7, as at the end of the previous financial year of the reporting issuer, and

(b) the number of entire months remaining in the current financial year of the reporting issuer after the date that this Rule comes into force, divided by 12.

(3) Each unregistered investment fund manager shall pay an initial participation fee, no later than 90 days after this Rule came into force, for the remainder of its current financial year.

(4) The fee referred to in subsection (3) shall be calculated by multiplying

(a) the participation fee provided for under Appendix B applicable to the specified Ontario revenues of the unregistered investment fund manager, as determined under section 3.6, as at the end of the previous financial year of the unregistered investment fund manager; and

(b) the number of entire months remaining in the current financial year of the unregistered investment fund manager after the date that this Rule came into force, divided by 12.

(5) An investment fund the securities of which are in continuous distribution shall pay any fees owing to the Commission based on the amount of securities distributed in Ontario up to the date that this Rule came into force, as determined under the fee requirements that existed before this Rule came into force, on the earlier of

(a) 90 days after this Rule came into force; and

(b) the time of filing of the pro forma prospectus of the investment fund after this Rule came into force.

APPENDIX A – CORPORATE FINANCE PARTICIPATION FEES

Capitalization	Participation Fee
$0 to under $25 million	$1,000
$25 million to under $50 million	$2,500
$50 million to under $100 million	$7,500
$100 million to under $250 million	$15,000
$250 million to under $500 million	$25,000
$500 million to under $1 billion	$35,000
$1 billion to under $5 billion	$50,000
$5 billion to under $10 billion	$65,000
$10 billion to under $25 billion	$75,000
Over $25 billion	$85,000

APPENDIX B – CAPITAL MARKETS PARTICIPATION FEES

Specified Ontario Revenues	Participation Fee
$0 to under $500,000	$1,000
$500,000 to under $1 million	$5,000
$1 million to under $5 million	$10,000
$5 million to under $10 million	$25,000
$10 million to under $25 million	$50,000
$25 million to under $50 million	$75,000
$50 million to under $100 million	$150,000
$100 million to under $200 million	$250,000
$200 million to under $500 million	$500,000
$500 million to under $1 billion	$650,000
Over $1 billion	$850,000

APPENDIX C - ACTIVITY FEES

Document or Activity			Fee
A.	**Prospectus Filing**		
1.	Preliminary or Pro Forma Prospectus in Form 41-501F1, (including if PREP procedures are used)		
	(a)	with Canadian gross proceeds of $5 million or less, or if no proceeds are disclosed	$1,000
	(b)	with Canadian gross proceeds of more than $5 million to $20 million	$5,500
	(c)	with Canadian gross proceeds of more than $20 million	$7,500
	(d)	non-offering prospectus	$2,000
	Notes: *(i)* *This applies to most issuers, including investment funds that prepare prospectuses in accordance with Form 41-501F1; investment funds that prepare prospectuses in accordance with Form 81-101F1, Form 15 or Form 45 will pay the fees shown in item 5 below.* *(ii)* *In calculating gross proceeds, include any "green shoe" options and underwriters' over-allotment options.* *(iii)* *These filing fees and calculation of gross proceeds are applicable to a preliminary prospectus in Form 41-501F1 filed in connection with special warrant offerings.* *(iv)* *Where a single prospectus document is filed on behalf of one or more investment funds or issuers, the applicable fee is payable for each investment fund or issuer.*		
2.	Additional fee for Preliminary or Pro Forma Prospectus in Form 41-501F1 of a resource issuer that is accompanied by engineering reports		$2,000
3.	Final Prospectus in Form 41-501F1 showing gross proceeds, or supplemented PREP prospectus showing gross proceeds, if the corresponding preliminary prospectus did not disclose gross proceeds, or pricing supplement to a PREP prospectus in Form 41-501F1, filed by any person or company, including an investment fund *Note:* *Where a single prospectus document is filed on behalf of one or more investment funds, the applicable fee is payable for each investment fund*		The fee is the amount appropriate to the gross proceeds of the distribution stated in this column opposite item A.1(a), (b) or (c), less $1,000
4.	Preliminary Short Form Prospectus in Form 44-101F3 (including if shelf or PREP procedures are used) or a Registration Statement on Form F-9 or F-10 filed by an issuer that is incorporated or that exists under the laws of Canada or a jurisdiction in connection with a distribution solely in the United States under MJDS as described in 71-101CP.		$2,000
5.	Prospectus Filing by or on behalf of Certain Investment Funds		
	(a)	Preliminary or Pro Forma Simplified Prospectus and Annual Information Form in Form 81-101F1 and Form 81-101F2	$600
	(b)	Preliminary or Pro Forma Prospectus in Form 15	$600
	(c)	Preliminary or Pro Forma Prospectus in Form 45	$600
	(d)	Final Simplified Prospectus and Annual Information Form in Form 81-101F1 and Form 81-101F2, Final Prospectus in Form 15, and Final Prospectus in Form 45	None
	Note:	*Where a single prospectus document is filed on behalf of one or more investment funds, the applicable fee is payable for each investment fund.*	

	Document or Activity	Fee
B.	**Fees relating to Rule 45-501 Exempt Distributions**	
1.	Filing of Form 45-501F1 for a distribution of securities of an issuer that is not subject to a participation fee	$2,000
2.	Application for recognition, or renewal of recognition, as an accredited investor	$500
C.	**Filing of Rights Offering Circular in Form 45-101F**	$2,000
D.	**Filing of Prospecting Syndicate Agreement**	$500
E.	**Applications for Discretionary Relief**	
1.	Application under clause 72(1)(m), sections 74, 104, and 127, subsection 140(2), or section 147 of the Act (not including an application under section 3.1 of Rule 31-503 Limited Market Dealers)	$5,500 (plus $2,000 if the applicant does not pay a participation fee)
2.	Application for exemption from Multilateral Instrument 45-102, OSC Rule 45-501, OSC Rule 45-502, OSC Rule 45-503, National Instrument 51-101, OSC Rule 56-501, OSC Rule 61-501, National Instrument 62-101, National Instrument 62-103, or OSC Rule 62-501	$5,500 (plus $2,000 if the applicant does not pay a participation fee)
3.	Except as provided in items 1 and 2 above, application for discretionary relief from, or regulatory approval under, any other section of the Act, Regulation and any Rule of the Commission, excluding the following applications for which no fee is required: *Note: Where an application is made by or on behalf of one or more investment funds in an investment fund family, see section 4.2 of the Rule.*	$1,500 per section up to a maximum of $5,500 (plus $2,000 if the applicant does not pay a participation fee)
	(i) application under subsection 38(3), subsection 72(8) or section 83 of the Act	
	(ii) application under section 144 of the Act for an order revoking a cease-trade order to permit trades solely for the purpose of establishing a tax loss in accordance with OSC Policy 57-602	
	(iii) relief from section 213 of the *Loan and Trust Corporations Act* (Ontario)	
	(iv) application for waiver of the requirements of OSC Rule 51-501	
	(v) application where the discretionary relief or regulatory approval is evidenced by the issuance of a receipt for the applicant's final prospectus[1]	
F.	**Pre-Filings** *Note: The fee for a pre-filing shall be credited against the applicable fee payable if and when the formal filing is actually proceeded with; otherwise, the fee is non-refundable.*	the lower of $2,000 and the amount that would have been payable pursuant to this Appendix if the formal filing were made without the pre-filing
G.	**Take-Over Bid and Issuer Bid Documents**	
1.	Filing of a take-over bid or issuer bid circular under section 98 of the Act	$5,500 (plus $2,000 if the filer or an affiliate of the filer does not pay a participation fee)
2.	Filing of a notice of change or variation under subsection 98(2) or subsection 98(4) of the Act	$500

[1] For example, an application for relief from OSC Rule 41-501 or NI81-101.

	Document or Activity	Fee
H.	**Filing an initial annual information form under National Instrument 44-101**	$2,000
I.	**Registration-Related Activity**	
1.	New registration of a firm in any category of registration *Note: If a firm is registering as both a dealer and an adviser, it will be required to pay two activity fees.*	$800
2.	Change in registration category *Note: This would include a dealer becoming an adviser or vice versa, or changing a category of registration within the general categories of dealer or adviser. A dealer adding a category of registration, such as a dealer becoming both a dealer and an adviser, would be covered in the preceding section.*	$800
3.	Registration of a new director, officer or partner (trading and/or advising), salesperson or representative *Note: Registration of a new non-trading or non-advising director, officer or partner does not trigger an activity fee.* *Note: If an individual is registering as both a dealer and an adviser, they will be required to pay two activity fees*	$400 per person
4.	Change in status from a non-trading and/or non-advising capacity to a trading and/or advising capacity	$400 per person
5.	Registration of a new registrant firm, or the continuation of registration of an existing registrant firm, resulting from or following an amalgamation of registrant firms	$6,000
6.	Application for amending terms and conditions of registration	$1,500
J.	**Notice to Director under section 104 of the Regulation**	$1,500
K.	**Request for certified statement from the Commission or the Director under section 139 of the Act**	$500
L.	**Commission Requests**	
1.	Request for a photocopy of Commission records	$0.50 per page
2.	Request for a search of Commission records	$10
M.	**Late Filing**	
1.	Fee for late filing of any of the following documents:	
	(a) Annual financial statements and interim financial statements (b) Renewal annual information form filed in accordance with National Instrument 44-101 ("Renewal AIF") (c) Annual information form, other than Renewal AIF, (d) Annual management report of fund performance and quarterly management report of fund performance (e) Management's discussion and analysis (f) Material change report (g) Report on Form 45-501F1 under subsection 72(3) (h) Report of distributions under OSC Rule 45-503 (i) Strip bond information statement under subsection 4.2(3) of OSC Rule 91-501 (j) Report on Form 38 under subsection 117(1) of the Act (k) any other notice, document, report or form required by Ontario securities law to be filed or submitted within a prescribed period	$100 per business day (Subject to a maximum of $5,000 for all documents within one financial year)

Document or Activity	Fee
2. Fee for late filing of insider report on Form 55-102F2	$50 per business day, per issuer (subject to a maximum of $1,000 per issuer within one financial year)

FEE RULE

FORM 13-502F1
ANNUAL PARTICIPATION FEE FOR REPORTING ISSUERS

Reporting Issuer Name: _____

Participation Fee for the Financial Year Ending: _____

Complete Only One of 1, 2 or 3:

1. Class 1 Reporting Issuers (Canadian Issuers – Listed in Canada and/or the U.S.)

Market value of equity securities:

Total number of equity securities of a class or series outstanding at the end of the issuer's most recent financial year			
Simple average of the closing price of that class or series as of the last trading day of each of the months of the financial year (under paragraph 2.5(a)(ii)(A) or (B) of the Rule)	X		
Market value of class or series	=		(A)

(Repeat the above calculation for each class or series of equity securities of the reporting issuer that are listed and posted for trading, or quoted on a marketplace in Canada or the United States of America at the end of the financial year) (A)

Market value of corporate debt or preferred shares of Reporting Issuer or Subsidiary Entity referred to in Paragraph 2.5(b)(ii): (B)
[Provide details of how determination was made.]

(Repeat for each class or series of corporate debt or preferred shares) (B)

Total Capitalization (add market value of all classes and series of equity securities and market value of debt and preferred shares) (A) + (B) = _____

Total fee payable in accordance with Appendix A of the Rule _____

Reduced fee for new Reporting Issuers (see section 2.8 of the Rule) _____

Total Fee Payable x $\frac{\text{Number of months remaining in financial year}}{\text{year or elapsed since most recent financial year}}{12}$

Late Fee, if applicable _____
(please include the calculation pursuant to section 2.9 of the Rule)

2. Class 2 Reporting Issuers (Other Canadian Issuers)

Financial Statement Values (use stated values from the audited financial statements of the reporting issuer as at its most recent audited year end):

Retained earnings or deficit _____

Contributed surplus _____

Share capital or owners' equity, options, warrants and preferred shares (whether such shares are classified as debt or equity for financial reporting purposes) _____

Long term debt (including the current portion) _____
Capital leases (including the current portion) _____

Minority or non-controlling interest _____

Items classified on the balance sheet between current liabilities and shareholders' equity (and not otherwise listed above) _____

Any other item forming part of shareholders' equity and not set out specifically above _____

Total Capitalization _____

Total Fee payable pursuant to Appendix A of the Rule _____

Reduced fee for new Reporting Issuers (see section 2.8 of the Rule)

Total Fee Payable x $\frac{\text{Number of months remaining in financial year year or elapsed since most recent financial year}}{12}$ _____

Late Fee, if applicable (please include the calculation pursuant to section 2.9 of the Rule) _____

3. Class 3 Reporting Issuers (Foreign Issuers)

Market value of securities:
If the issuer has debt or equity securities listed or traded on a marketplace located anywhere in the world (see paragraph 2.7(a) of the Rule):
Total number of the equity or debt securities outstanding at the end of the reporting issuer's most recent financial year _____

Simple average of the published closing market price of that class or series of equity or debt securities as of the last trading day of each of the months of the financial year on the marketplace on which the highest volume of the class or series of securities were traded in that financial year. X _____

Percentage of the class registered in the name of, or held beneficially by, an Ontario person X _____

(Repeat the above calculation for each class or series of equity or debt securities of the reporting issuer) = _____

Capitalization (add market value of all classes and series of securities) _____

Or, if the issuer has no debt or equity securities listed or traded on a marketplace located anywhere in the world (see paragraph 2.7(b) of the Rule):

Financial Statement Values (use stated values from the audited financial statements of the reporting issuer as at its most recent audited year end):

Retained earnings or deficit _____

Contributed surplus _____

Share capital or owners' equity, options, warrants and preferred shares (whether such shares are classified as debt or equity for financial reporting purposes) _____

Long term debt (including the current portion) _____

Capital leases (including the current portion) _____

Minority or non-controlling interest _____

Items classified on the balance sheet between current liabilities and shareholders' equity (and not otherwise listed above) _____

Any other item forming part of shareholders' equity and not set out specifically above _____

Percentage of the outstanding equity securities registered in the name of, or held beneficially by, an Ontario person X _____

Capitalization _____

Total Fee payable pursuant to Appendix A of the Rule _____

Reduced fee for new Reporting Issuers (see section 2.8 of the Rule)

Total Fee Payable x $\frac{\text{Number of months remaining in financial year year or elapsed since most recent financial year}}{12}$ _____

Late Fee, if applicable
(please include the calculation pursuant to section 2.9 of the Rule) _____

Notes and Instructions

1. This participation fee is payable by reporting issuers other than investment funds that do not have an unregistered investment fund manager.

2. The capitalization of income trusts or investment funds that have no investment fund manager, which are listed or posting for trading, or quoted on, a marketplace in either or both of Canada or the U.S. should be determined with reference to the formula for Class 1 Reporting Issuers. The capitalization of any other investment fund that has no investment fund manager should be determined with reference to the formula for Class 2 Reporting Issuers.

3. All monetary figures should be expressed in Canadian dollars and rounded to the nearest thousand. Closing market prices for securities of Class 1 and Class 3 Reporting Issuers should be converted to Canadian dollars at the [daily noon] in effect at the end of the issuer's last financial year, if applicable.

4. A reporting issuer shall pay the appropriate participation fee no later than the date on which it is required to file its annual financial statements.

5. The number of listed securities and published market closing prices of such listed securities of a reporting issuer may be based upon the information made available by a marketplace upon which securities of the reporting issuer trade, unless the issuer has knowledge that such information is inaccurate and the issuer has knowledge of the correct information.

6. Where the securities of a class or series of a Class 1 Reporting Issuer have traded on more than one marketplace in Canada, the published closing market prices shall be those on the marketplace upon which the highest volume of the class or series of securities were traded in that financial year. If none of the class or series of securities were traded on a marketplace in Canada, reference should be made to the marketplace in the United States on which the highest volume of that class or series were traded.

7. Where the securities of a class or series of securities of a Class 3 Reporting Issuer are listed on more than one exchange, the published closing market prices shall be those on the marketplace on which the highest volume of the class or series of securities were traded in the relevant financial year.

FEES RULE
FORM 13-502F2

ADJUSTMENT OF FEE PAYMENT
UNDER SUBSECTION 2.4(2) OF RULE 13-502

Reporting Issuer Name: _____

Participation Fee for the Financial Year Ending: _____

8. State the amount paid under subsection 2.3(3) of Rule 13-502: _____
9. Show calculation of actual capitalization based on audited financial statements:

Financial Statement Values (use stated values from the audited financial statements of the reporting issuer as at its most recent audited year end):

Retained earnings or deficit _____

Contributed surplus _____

Share capital or owners' equity, options, warrants and preferred shares (whether such shares are classified as debt or equity for financial reporting purposes) _____

Long term debt (including the current portion) _____

Capital leases (including the current portion) _____

Minority or non-controlling interest _____

Items classified on the balance sheet between current liabilities and shareholders' equity (and not otherwise listed above) _____

Any other item forming part of shareholders' equity and not set out specifically above _____

Total Capitalization _____

Total Fee payable: _____
10. Difference between 1 and 2: _____
11. Indicate refund due (balance owing): _____

FEES RULE
FORM 13-502 F3

PARTICIPATION FEE CALCULATION
FOR REGISTRANT FIRMS
AND UNREGISTERED FUND MANAGERS

Notes and Instructions

1. Registrant firms are required to complete each Part that applies to their particular category of registration. Firms may have multiple registration categories and will be required to complete each relevant part as outlined below:

   Part I - Investment Dealers Association of Canada members
   Part II - Mutual Fund Dealers Association of Canada members
   Part III – Advisers,[1] other Dealers[2] and unregistered Investment Fund Managers

2. The components of revenue reported in each Part should be based on the same principles as the comparative statement of income which is prepared in accordance with generally accepted accounting principles ("GAAP"), or such equivalent principles applicable to the audited financial statements of international dealers and advisers and foreign investment fund managers, except that revenues should be reported on an unconsolidated basis. It is recognized that the components of the revenue classification may vary between firms. However, it is important that each firm be consistent between periods.

3. Each Part should be read in conjunction with the related notes and instructions of that section where applicable.

4. Members of the Investment Dealers Association of Canada may refer to Statement E of the Joint Regulatory Financial Questionnaire and Report for guidance.

5. Members of the Mutual Fund Dealers Association of Canada may refer to Statement D of the MFDA Financial Questionnaire and Report for guidance.

6. Comparative figures are required for the registrant firms' and unregistered investment fund managers' year end date.

7. Participation fee revenue will be based on the portion of total revenue that can be attributed to Ontario. The percentage attributable to Ontario for the reported year end should be the provincial allocation rate used in the corporate tax return for the same fiscal period. For firms that do not have a permanent establishment in Ontario, the percentage attributable to Ontario will be based on the proportion of total revenues generated from capital markets activities in Ontario. Refer to Part IV.

8. All figures should be expressed in Canadian dollars and rounded to the nearest thousand.

9. Information reported on this questionnaire must be certified by two members of senior management in Part V to attest to its completeness and accuracy.

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1 Includes all adviser categories as per section 99 of the Regulations in the *Securities Act* (Ontario) such as financial advisers, investment counsel, portfolio managers and securities advisers. This category also includes non- resident advisers and international advisers.

2 Includes all dealer categories as per section 98 of the Regulations in the *Securities Act* (Ontario) except MFDA members which are treated separately in Part II.

Revenue for Participation Fee

Firm Name: _____

Participation Fee for the Calendar Year: _____

Part I – Investment Dealers Association of Canada Members

	Current Year $	Prior Year $
REVENUE SUBJECT TO PARTICIPATION FEE		
1. Line 18 of Statement E of the Joint Regulatory Financial Questionnaire and Report		

Part II – Mutual Fund Dealers

REVENUE SUBJECT TO PARTICIPATION FEE		
1. Line 12 of Statement D of the MFDA Financial Questionnaire and Report		

Part III – Advisers, Other Dealers, and Unregistered Investment Fund Managers

1. Gross Revenue as per the audited financial statements (note 1)		
Less the following items:		
2. Redemption Fees (note 2)		
3. Administration Fees (note 3)		
4. Advisory or Sub-Advisory fees paid to other Ontario registrant firms (note 4)		
5. Trailer fees paid to other Ontario registrant firms (note 5)		
6. Line 12 of Statement D (reported above if dually registered) (note 6)		
7. Total Deductions – sum of lines 2 to 6		
8. **REVENUE SUBJECT TO PARTICIPATION FEE** (line 1 less line 7)		

[See Notes and Instructions for Part III]

Notes and Instructions - Part III

1. Gross Revenue is defined as the sum of all revenues reported on a gross basis as per the audited financial statements prepared in accordance with GAAP, or such equivalent principles applicable to the audited financial statements of international dealers and advisers and foreign investment fund managers, except that revenues should be reported on an unconsolidated basis. Items reported on a net basis must be adjusted for purposes of the fee calculation.

2. Redemption fees earned upon the redemption of investment fund units sold on a deferred sales charge basis are permitted as a deduction from total revenue on this line.

3. Administration fees permitted as a deduction from line 1 are limited solely to those that represent the recovery of costs from the mutual funds for operating expenses paid on their behalf by the registrant firm or unregistered investment fund manager. Operating expenses include legal, audit, trustee, custodial and safekeeping fees, registrar and transfer agent charges, taxes, rent, advertising, unitholder services and financial reporting costs.

4. Where the advisory services of **another Ontario registrant firm** are used by the registrant firm to advise on a portion of its assets under management, such sub-advisory costs are permitted as a deduction on this line.

5. Trailer fees paid to **other Ontario registrant firms** are permitted as a deduction on this line.

6. To the extent that a registrant firm is also registered under the category of a mutual fund dealer defined in subsection 98(7) of the Regulations in the *Securities Act* (Ontario) and to the extent that revenues attributable to this category of registration were already reported in Part II, this amount may be deducted from total revenue on this line.

Part IV – Calculation of Revenue Attributable to Ontario

Firm Name: _____

Participation Fee for the Financial Year Ending: _____

Gross Revenue subject to Participation Fee:	$
Line 1 from Part I	_____
Line 1 from Part II	_____
Line 8 from Part III	_____
Total	_____
Percentage attributable to Ontario (based on most recent tax return)	_____ %
Specified Revenue attributed to Ontario	_____
Total Fee payable (refer to Appendix B of the Rule)	_____

Part V - Management Certification

Registrant Firm Name: _____

We have examined the attached statements and certify that, to the best of our knowledge, they present fairly the revenues of the firm for the period ended _____ and are prepared in agreement with the books of the firm.

We certify that the reported revenues of the firm are complete and accurate and in accordance with generally accepted accounting principles.

Name and Title	Signature	Date
1. _____	_____	_____
_____		
2. _____	_____	_____
_____		

FEES RULE
FORM 13-502F4

ADJUSTMENT OF FILING OR FEE PAYMENT
UNDER SUBSECTION 3.3(4) OF RULE 13-502

Registrant Firm Name: _____

Participation Fee for the Calendar Year: _____

1. State the amount of the participation fee estimated under the filing of Form 13-502F3 previously made:_____
2. Show the amount of the participation fee based on the audited financial statements for the last completed financial year: _____
3. **[Include revised and completed Form 13-502F3.]**
4. Difference between 1 and 2: _____
5. Indicate refund due (balance owing): _____

ONTARIO SECURITIES COMMISSION
COMPANION POLICY 13-502CP
FEES

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ONTARIO SECURITIES COMMISSION
COMPANION POLICY 13-502CP
FEES

PART 1 PURPOSE OF COMPANION POLICY

1.1 Purpose of Companion Policy - The purpose of this Companion Policy is to state the views of the Commission on various matters relating to Rule 13-502 Fees (the "Rule"), including

(a) an explanation of the overall approach of the Rule;

(b) explanation and discussion of various parts of the Rule; and

(c) examples of some matters described in the Rule.

PART 2 PURPOSE AND GENERAL APPROACH OF THE RULE

2.1 Purpose and General Approach of the Rule

(1) The general approach of the Rule is to establish a fee regime that accomplishes three primary purposes – to reduce the overall fees charged to market participants from what existed previously in Ontario, to create a clear and streamlined fee structure and to adopt fees that accurately reflect the Commission's costs of providing services.

(2) The fee regime implemented by the Rule is based on the concept of "participation fees" and "activity fees".

2.2 Participation Fees

(1) Participation fees generally are designed to represent the benefit derived by market participants from participating in Ontario's capital markets. Reporting issuers, registrant firms and unregistered investment fund managers are required to pay participation fees annually. The participation fee is based on a measure of the market participant's size, which is intended to serve as a proxy for the market participant's use of the Ontario capital markets. The amounts of the participation fees have been based on the cost of a broad range of regulatory services that cannot be practically or easily attributed to individual activities or entities. Participation fees replace most of the continuous disclosure filing fees and other activity fees formerly charged to market participants under the previous fees regime.

(2) The Rule provides for

(a) corporate finance participation fees, which are applicable to reporting issuers other than most investment funds; and

(b) capital markets participation fees, which are applicable to registrant firms and unregistered investment fund managers.

2.3 Activity Fees - Activity fees are designed to represent the direct cost of Commission staff resources expended in undertaking certain activities requested of staff by market participants, for example in connection with the review of prospectuses, applications for discretionary relief or the processing of registration documents. Market participants are charged activity fees only for activities undertaken by staff at the request of the market participant. Activity fees are charged for a limited number of activities only and are flat rate fees based on the average cost to the Commission of providing the service.

2.4 No Refunds

(1) Generally speaking, a person or company that pays a fee under the Rule is not entitled to a refund of that fee. For example, there is no refund available for an activity fee paid in connection with an action that is subsequently abandoned by the payor of the fee. Also, there is no refund available for a participation fee paid by a reporting issuer, registrant firm or unregistered investment fund manager that loses that status later in the financial year for which the fee was paid.

(2) An exception to the principle discussed in subsection (1) is provided for in subsection 2.3(3) of the Rule. This provision allows for the adjustment of a participation fee paid by a Class 2 or some Class 3 reporting issuers

based on a good faith estimate of its capitalization as at the end of a financial year if its financial statements are not available.

(3) The Commission will also consider requests for adjustments to fees paid in the case of incorrect calculations made by fee payors.

2.5 Indirect Avoidance of Rule -The Commission may examine arrangements or structures implemented by market participants and their affiliates that raise the suspicion of being structured for the purpose of reducing the fees payable under the Rule. In particular, the Commission will be interested in circumstances in which revenues from registrable activities carried on by a corporate group are not treated as revenues of a registrant firm, thereby possibly artificially reducing the specified Ontario revenue calculations used in determining fees payable under the Rule.

PART 3 CORPORATE FINANCE PARTICIPATION FEES

3.1 Application to Investment Funds - Section 2.1 of the Rule excludes investment funds from the application of Part 2 of the Rule, except if they do not have an investment fund manager. An investment fund that has an investment fund manager does not have to pay corporate finance participation fees because its manager will be paying the capital markets participation fees in respect of revenues generated from managing the investment fund. However, if the investment fund does not have an investment fund manager, the fund is made subject to the corporate finance participation fees to ensure that it does not have an unfair advantage over other reporting issuers that are required to pay such fees.

3.2 Fees Payable in Advance

(1) Section 2.2 of the Rule prescribes the annual payment of a participation fee by each reporting issuer other than those that are exempt from this fee under section 2.1 of the Rule. Subsection 2.2(1) of the Rule requires the payment of a fee, for each of its financial years, to be based on the capitalization of the reporting issuer as at the end of its previous financial year. Subsection 2.3(1) of the Rule requires the payment of this participation fee to be no later than the date on which the reporting issuer's annual financial statements are required to be filed.

(2) The Commission notes that the effect of sections 2.2 and 2.3 of the Rule is that a participation fee is payable in advance by a reporting issuer for its current financial year, even though the fee is based on the capitalization of the reporting issuer at the end of its previous financial year.

(3) Section 2.8 of the Rule pertains to the payment of a participation fee for a new reporting issuer. This section is consistent with the principle that a participation fee is payable in advance. A new reporting issuer is required to pay a participation fee when it becomes a reporting issuer for the remainder of its current financial year; the reporting issuer is required to calculate an annual participation fee in accordance with the requirements of section 2.8 of the Rule, and pay a proportionate amount based on the number of months left in the financial year.

(4) A person or company that ceases to be a reporting issuer in a financial year is not entitled to any refund of the participation fee payable for that financial year, as discussed in subsection 2.4(1) of this Policy.

3.3 Determination of Corporate Debt Market Value

(1) Section 2.5 of the Rule requires the calculation of the capitalization of a Class 1 reporting issuer to include the market value, at the end of the financial year for which a participation fee is being calculated, of each class or series or corporate debt or preferred shares of the reporting issuer or, if applicable, a subsidiary entity of the reporting issuer. It is noted that the requirement that corporate debt or preferred shares be valued in accordance with market value excludes from the calculation corporate debt or preferred shares that are not traded in a market and that therefore do not have a market. For instance, corporate debt of an issuer to its bankers generally would have no market value and would not be included in these calculations.

(2) The Commission recognizes that the determination of the market value of corporate debt or preferred shares is a more difficult task than the determination of the market value of equity securities, which are usually listed and for which trading prices are generally readily available. Therefore, the Commission wishes to allow reporting issuers to use the best available source for pricing its corporate debt and preferred shares. The Commission notes that, at the time of this Policy, the best available source may be one or more of

(a) pricing services;

(b) quotations from one or more dealers; or

(c) transaction prices on recent transactions.

3.4 Class 3 Reporting Issuers - Paragraph 2.7(b) of the Rule requires that the participation fee for a Class 3 reporting issuer that has no debt or equity securities listed or traded on a marketplace located anywhere in the world be determined by reference to the percentage of outstanding equity securities of any class of the Class 3 reporting issuer registered in the name of, or held beneficially by, Ontario persons. It is noted that this calculation would be made on the basis of the aggregate numbers of all outstanding equity securities of all classes of equity securities of the Class 3 reporting issuer.

3.5 "Green Shoes" and Over-Allotment Options - Paragraph 2.8(2)(b) of the Rule requires that the participation fee for Class 1 and Class 3 reporting issuers be based on the issue price of the securities being distributed under a prospectus. The Commission notes that this calculation should assume the issue of any securities under "green shoes" or over-allotment options.

PART 4 CAPITAL MARKET PARTICIPATION FEES

4.1 Fees Payable in Advance

(1) As with corporate finance participation fees, capital market participation fees are paid in advance by a registrant firm or an unregistered investment fund manager. The discussion contained in section 3.2 of this Policy is relevant to capital market participation fees as well as corporate finance participation fees.

(2) Subsections 3.2(1) and 3.3(1) of the Rule require each registrant firm to file its Form 13-502F3 respecting its participation fee by December 1, and to pay its participation fee by December 31, in each year. The fixing of one date for each of the filing and fee payment by a registrant firm is consistent with the National Registration Database ("NRD") system to be implemented by the Canadian securities regulatory authorities; the NRD system contemplates a common renewal date for all registrants of December 31 in each year. This participation fee is paid for the next calendar year, based on the specified Ontario revenues for its previous financial year, even if the financial year of the registrant firm ends on December 31. Therefore, a registrant firm with a financial year end of December 31 will, by December 1, 2002, file its Form 13-502F3, and pay its participation fee by December 31, 2002, in order to pay its participation fee for the 2003 calendar year. Even though that filing and payment will satisfy the registrant firm's obligations contained in Part 3 of the Rule for the 2003 calendar year, the calculation of the participation fee will be based on the specified Ontario revenues of the registrant firm for the financial year ended December 31, 2002.

(3) A registrant firm with a financial year end of June 30, will, for instance, file a Form 13-502F3 by December 1, 2002 and pay its participation fee by December 31, 2002. That filing and payment will satisfy the registrant firm's obligations contained in Part 3 of the Rule for the 2003 calendar year, but the calculation of the participation fee will be based on the specified Ontario revenues of the registrant firm for the financial year ended June 30, 2002.

(4) An unregistered investment fund manager must file its Form 13-502F3 and pay its participation fee within 90 days after the end of each of its financial years. The participation fee for an unregistered fund manager is for its current financial year, rather than for a calendar year, and is calculated on the basis of the audited financial statements of the unregistered investment fund manager for its previous financial year. Therefore, an unregistered investment fund manager having a financial year end of June 30, will in 2003 file its Form 13-502F3 and pay its participation fee by September 29, 2003. That payment will satisfy the unregistered investment fund manager's obligations contained in Part 3 of the Rule for its financial year of July 1, 2003 to June 30, 2004, but the calculation of the participation fee will be based on the specified Ontario revenues of the unregistered investment fund manager firm for the financial year ended June 30, 2003.

4.2 Late Fees - Section 3.7 of the Rule prescribes the payment of additional fees in case of overdue payment of fees. The Commission notes that it will, in appropriate circumstances, consider tardiness in the payment of fees as a matter going to the fitness for registration of a registrant firm in considering the registration status of that registrant firm. The Commission may also consider other appropriate measures in the case of late payment of fees by an unregistered investment fund manager, such as prohibiting the delinquent unregistered investment fund manager from continuing to manage any investment fund or cease trading the investment funds managed by that manager.

4.3 Form of Payment of Fees - Unregistered fund managers will not be participants in the NRD, so it will be necessary for them to make filings and pay fees under Part 3 of the Rule by paper copy. The filings and payment should be sent to the Ontario Securities Commission, Investment Funds.

4.4 **"Capital Market Activities" -** A number of the capital market participation fees involve consideration of the capital market activities undertaken by a person or company. The term "capital market activities" is defined in Section 1.1 of the Rule to include "activities for which registration under the Act or an exemption from registration is required". The Commission is of the view that these activities would include, without limitation, trading in securities, providing securities-related advice and portfolio management services. The Commission notes that corporate advisory services may not require registration or an exemption from registration and would therefore, in those contexts, not be capital markets activities.

4.5 **Owners' Equity -** A Class 2 reporting issuer and a Class 3 reporting issuer that has no debt or equity securities listed or traded on a marketplace located anywhere in the world, calculate its capitalization on the basis of certain items reflected in its audited balance sheet. One such item is "share capital or owners' equity". The Commission notes that "owners' equity" is designed to describe the equivalent of share capital for non-corporate issuers, such as partnerships or trusts.

PART 5 ACTIVITY FEES

5.1 Late Filing Fee

(1) Item M.1 of Appendix C of the Rule lists the documents the late filing of which will be subject to a fee of $100 per business day, up to a maximum of $5,000 for all documents within one financial year. The last item in the list refers to "any other notice, document, report or form required by Ontario securities law to be filed or submitted within a prescribed period".

(2) It is noted that the phrase "Ontario securities law" includes "a decision of the Commission or a Director to which [a] person or company is subject". Some orders or decisions of the Commission or a Director have granted exemptions to investment funds from certain conflict-of-interest provisions of the Act or National Instrument 81-102, on the condition that reports of certain transactions are filed on SEDAR within a prescribed period. The purpose of this condition would ensure transparency in such transactions. Market participants are reminded that the fee for late filing contained in the Rule would be applicable to those filings, as well as to filings required under the Act, the Regulation or the Rules.

5.2 Permitted Deductions

(1) For the purpose of calculating specified Ontario revenues that would be the basis for determining the participation fee payable by a registrant firm that is not a member of the IDA or MFDA or an unregistered investment fund manager, subsections 3.6(2) and (3) permit certain deductions to be made. These deductions are intended to prevent "double counting" of revenues that would otherwise occur in the absence of the deductions.

(2) It is noted that the permitted deduction of administration fees is limited solely to those that represent the recovery of costs from investment funds for operating expenses paid on their behalf's by the registrant firm or unregistered investment fund manager. No registrant firm or unregistered investment fund manager may make a deduction for more than the amount of administration fees it has paid on behalf of an investment fund managed by the registrant firm or unregistered investment fund manager.

5.3 **Investment Funds** - Section 4.2 of the Rule provides for the payment of only one fee for an application made by or on behalf of investment funds in an investment fund family, if the application pertains to each investment fund. It is contemplated that discretionary relief required by investment funds in an investment fund family in circumstances that are the same for all of them can be sought by way of a single application.

5.4 **Calculation Examples** - Appendices A through E contain some examples of how fees would be calculated under the Rule.

Appendix A
Reporting Issuer

Assume that:

- a reporting issuer is an Ontario corporation that was not previously a reporting issuer in Ontario
- the issuer's financial year-end is December 31
- the issuer obtains a receipt for the prospectus in connection with its initial public offering on August 17
- the issuer's capitalization on August 17, as determined in accordance with section 2.6 of the Rule, is $22 million, before taking into account the proceeds of an IPO
- the issuer becomes listed on the Toronto Stock Exchange in November, and its capitalization as of December 31 as determined in accordance with section 2.5 of the Rule is $55 million

Item	Participation Fee	Activity Fee
files an application pursuant to section 74 of the Act for relief from sections 25 and 53 of the Act prior to becoming a reporting issuer		$7,500[1] ($5,500 plus $2,000 because issuer does not pay a participation fee)
files a preliminary prospectus in connection with initial public offering, where the preliminary prospectus shows gross proceeds of $4 million		$1,000[2]
files a final prospectus		nil
becomes a reporting issuer under the Act upon the issuance of a receipt for a prospectus on August 17	$833.33[3] ($2,500 times 4 full remaining months divided by 12)	
files a material change report within prescribed period		nil
files application pursuant to section 38(3) of the Act		nil
files application for relief pursuant to clause 80(b)(iii) of the Act		$1,500
files application for relief pursuant to sections 104 and 121 of the Act		$5,500
files AIF pursuant to Rule 51-501		nil
files annual proxy materials		nil
timing - files annual financial statements on May 20 (within prescribed period)		nil
files a Notice of Intention to Make an Issuer Bid		nil
files a Form 42 Report of Issuer Bid		nil
files insider trading report within prescribed period		nil
files preliminary prospectus that does not disclose gross proceeds		$1,000[4]
files final prospectus with gross proceeds of $75 million		$6,500[5] ($7,500 less $1,000)
files initial AIF under National Instrument 44-101		$2,000[6]
files preliminary short form prospectus		$2,000
files short form prospectus		nil
files material change report 5 days late		$500[7]

1 See item E.1 of Appendix C of the Rule.

2 See item A.1(a) of Appendix C of the Rule.

3 See subsection 2.8(1) and Appendix A of the Rule.

4 See item A.1(a) of Appendix C of the Rule.

5 See item A.1(c) of Appendix C of the Rule.

6 See item H of Appendix C of the Rule.

7 See item M.1 of Appendix C of the Rule.

Appendix B
Dealer – Member of the Investment Dealers Association of Canada

Assume that:

- Financial year-end is December 31st
- Firm had specified Ontario revenues of $150 million as at December 31, 2001
- audited financial statements have to be filed

Item	Participation Fee	Activity Fee
files Form 13-502F1 stating specified Ontario revenues of $150 million	$250,000[8]	
files annual financial statements		nil
1 renewal of registration		nil
3 appointments of new trading officers/directors		$400 x 3 = $1,200[9]
24 appointments of salespersons		$400 x 24 = $9,600[10]
28 new branches		Nil
4 branch closures		Nil
12 terminations of salespersons		Nil
1 termination of officer		Nil
2 requests for change in the status of officers from non-trading to trading		$400 x 2 = $800[11]

8 See Appendix B of the Rule.

9 See item I.3 of Appendix C of the Rule.

10 See item I.3 of Appendix C of the Rule.

11 See item I.4 of Appendix C of the Rule.

Appendix C
Mutual Fund Dealer ("MFD")

Assume that:

- MFD's financial year-end is March 31st
- MFD had specified Ontario revenues of $35 million as at March 31, 2001
- MFD currently has 12 sales representatives and 2 branch offices
- audited financial statements have to be filed
- MFD is applying for discretionary relief from a registration requirement in the Act

Item	Participation Fee	Activity Fee
files Form 13-502F3 stating specified Ontario revenues of $35 million	$75,000[12]	
files for discretionary relief of one requirement under the Act		$1,500[13]
files annual financial statements		Nil
1 renewal of registration		Nil
2 appointments of new officers/directors		$400 x 2 = $800[14]
8 appointments of new salespersons		$400 x 8 = $3,200[12]
3 new branches		Nil
change in business name		Nil
2 terminations of sales representatives		Nil
1 termination of officer		Nil
2 requests for change in the status of officers		$400 x 2 = $800[15]

12 See Appendix B of the Rule.

13 See item E.3 of Appendix C of the Rule.

14 See item I.3 of Appendix C of the Rule.

15 See item I.4 of Appendix C of the Rule.

Appendix D
Investment Counsel/Portfolio Manager ("ICPM")

Assume that:

- ICPM's financial year-end is December 31st
- ICPM had specified Ontario revenues of $600 million as at December 31, 2001
- audited financial statements have to be filed

Item	Participation Fee	Activity Fee
files Form 13-502F3 stating specified Ontario revenues of $600 million	$650,000[16]	
files annual financial statements		Nil
1 renewal of registration		Nil
5 appointments of new advising officers		$400 x 5 = $2,000[17]
1 appointments of new non-advising officer		Nil
1 application for exemption from Rule 31-502 requirements		$1,500[18]

16 See Appendix B of the Rule.

17 See item I.3 of Appendix C of the Rule.

18 See item E.3 of Appendix C of the Rule.

Appendix E
Unregistered Investment Fund Manager ("UIFM")

Assume that:

- UIFM's financial year-end is December 31st
- UIFM had specified Ontario revenues of $375 million as at December 31, 2001
- UIFM currently manages 40 investment funds, 38 (IF1-IF38) of which are in continuous distribution and subject to NI81-101, while 2 (IF39 and IF40) are listed and traded on the Toronto Stock Exchange
- UIFM is establishing 5 new investment funds (IF41-IF45) that are all going to be in continuous distribution and are subject to NI81-101
- IF41 and IF42 need exemption from one section of the Act
- IF43, IF44 and IF45 need exemptions from four sections of NI81-102
- UIFM is establishing one new investment fund (IF46) that will do a one-time offering and whose securities will be listed and traded on the Toronto Stock Exchange
- IF46 needs exemptions from six sections of NI81-102
- audited financial statements for IF1-IF40 have to be filed
- material changes occurred for IF39 and IF40
- current SP and AIF of IF1-IF38 have to be renewed

Item	Participation Fee	Activity Fee
Files Form 13-502F2 stating specified Ontario revenues of $375 million	$500,000[19]	
Files 1 application on behalf of IF41 and IF 42 for relief from one section of the Act		$1,500[20]
Files 1 application on behalf of IF43, IF44 and IF45 for relief from four sections of NI81-102		$5,500[21]
Files preliminary SP and AIF for IF41-IF45 in a single document		$600 x 5=$3,000[22]
Files annual financial statements for IF1-IF40 within prescribed period		Nil
Files application on behalf of IF46 for relief from six sections of NI81-102		$5,500
Files preliminary prospectus in Form 41-501F1 for IF46, with gross proceeds bulleted		$1,000[23]
Files pro forma SP and AIF for IF1-IF38 in a single document		$600 x 38=$22,800[24]
Files final SP and AIF for IF41-IF45 in a single document		Nil[25]
Files amendment to SP and AIF for IF1-IF20 in a single document		Nil
Files final prospectus in Form 41-501F1 for IF46, with gross proceeds of $75 million		$7,500-$1,000=$6,500[26]
Files material change report for IF39-IF40		Nil
Files final SP and AIF for IF1-IF38 in a single document		Nil

19 See Section 3.1 and Appendix B of the Rule.

20 See item E.3 of Appendix C and section 4.2 of the Rule of the Rule.

21 See item E.3 of Appendix C and section 4.2 of the Rule.

22 See item A.5(a) of Appendix C of the Rule.

23 See item A.1(a) of Appendix C of the Rule.

24 See item A.5(a) of Appendix C of the Rule.

25 See item A.5(d) of Appendix C of the Rule.

26 See item A.3(a), in conjunction with item A.1(c), of Appendix C of the Rule.

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
22-Nov-2002	Edgestone Capital;Crown Life Insurance Company	4022009 Canada Limited - Common Shares	2.00	2.00
18-Dec-2002	PGM Ventures Corporation	Aurora Platinum Corp. - Common Shares	50,000.00	14,044.00
27-Nov-2002	Robert Bradshaw;Sentry Select Focused	Azure Dynamics Corporation - Units	150,000.00	300,000.00
17-Dec-2002	21 Purchasers	Band-Ore Resources Ltd. - Flow-Through Shares	497,700.00	79.00
15-Nov-2002	Clarita Salinas and Sal Salinas	Bio-Synergy Resources Inc. - Units	52,500.00	115,500.00
04-Dec-2002	N/A	Borealis Capital Corporation - Common Shares	3,216,640.00	3,564,000.00
12-Dec-2002	5 Purchasers	Bow Valley Energy Ltd. - Common Shares	1,849,000.00	860,000.00
15-Nov-2002	Robert Dion	BPI American Opportunities Fund - Units	5,000.00	46.00
22-Nov-2002	Joseph Schwarzinger;Donald Mcluckie	BPI American Opportunities Fund - Units	58,197.53	524.00
08-Nov-2002	3 Purchasers	BPI Global Opportunites III Fund - Units	454,490.46	5,522.00
14-Dec-2002	Ruth Scwindt	BPI Global Opportunites III Fund - Units	357,987.00	4,266.00
22-Nov-2002	5 Purchasers	BPI Global Opportunites III Fund - Units	303,642.60	3,520.00
22-Nov-2002	Alex Brown	BPI Global Opportunites III RSP Fund - Units	26,238.53	285.00
06-Dec-2002	ARC Energy Venture Fund 3	Canadian Renewable Energy Corporation - Common Shares	2,000,000.00	4,000,000.00

11-Dec-2002	James Brown	Canadian Stevia Corporation - Common Shares	20,500.00	27,000.00
04-Dec-2002	N/A	Carbiz.com Inc. - Preferred Shares	0.00	4,000,000.00
03-Dec-2002	Ontario Teachers Pension Plan	Cochran, Caronia Maple Leaf Fund Limited - Shares	14,015,700.00	9,000.00
12-Dec-2002	7 Purchasers	Compton Petroleum Corporation - Common Shares	17,100,000.00	3,000,000.00
06-Dec-2002	Core Networks Incorporated	Core Networks Incorporated - Convertible Debentures	650,000.00	650,000.00
09-Dec-2002	16 Purchasers	Cranston, Gaskin, O'Reilly & Vernon - Units	398,931.20	32,840.00
09-Dec-2002	7 Purchasers	Cranston, Gaskin, O'Reilly & Vernon - Units	85,190.58	24,744.87
11-Jan-2002	9 Purchasers	Cranston, Gaskin, O'Reilly & Vernon - Units	801,022.00	66,943.00
01-Nov-2002 11/30/02	13 Purchasers	Cranston, Gaskin, O'Reilly & Vernon - Units	370,242.30	30,966.00
12-Dec-2002	6 Purchasers	Cumberland Resources Ltd. - Flow-Through Shares	6,058,000.00	2,490,000.00
06-Dec-2002	N/A	Dianor Resources Inc. - Units	318,400.20	2,653,335.00
09-Dec-2002	Contact Media Inc.	Discovery Biotech Inc. - Common Shares	7,500.00	2,500.00
09-Dec-2002	Gladys Wroblewska	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
09-Dec-2002	Leszek & Teresa Myszka	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
09-Dec-2002	Tom Costello	Discovery Biotech Inc. - Common Shares	4,500.00	1,500.00
09-Dec-2002	Henry Milroy Keane	Discovery Biotech Inc. - Common Shares	6,900.00	2,300.00
09-Dec-2002	Bryan R. Shynal	Discovery Biotech Inc. - Common Shares	1,050.00	350.00
09-Dec-2002	Robert R. Bee	Discovery Biotech Inc. - Common Shares	1,050.00	350.00
09-Dec-2002	David J. Kerr	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Wayne C. Johnson	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
09-Dec-2002	Barrie Johnson	Discovery Biotech Inc. - Common Shares	1,500.00	500.00

09-Dec-2002	David V. Cummings	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Victor W. Cummings	Discovery Biotech Inc. - Common Shares	15,000.00	5,000.00
09-Dec-2002	Matthew Paric	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
09-Dec-2002	John Sherritt	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Robert T. Crocker	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Mary Pugh	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
09-Dec-2002	Bradley & Laurene Rogers	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Tanya Carinci	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Stephen & Tammie Sharpe	Discovery Biotech Inc. - Common Shares	9,000.00	3,000.00
09-Dec-2002	Aldo Carinci in Trust	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
09-Dec-2002	Visioneering Corporation	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Scott Ross	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Andrew Mercer	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
09-Dec-2002	S.A. Joglekar	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Jan Alac	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Martin Johannessen	Discovery Biotech Inc. - Common Shares	9,999.00	3,333.00
09-Dec-2002	Mario Martellaccio	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
09-Dec-2002	Galvcast Mfg. Inc.	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Mark L Price	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
09-Dec-2002	Letizia Luglio	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Laurel Martin	Discovery Biotech Inc. - Common Shares	1,500.00	500.00

09-Dec-2002	Jason Wilson	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
09-Dec-2002	Bob Mills	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Don Horbach	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
09-Dec-2002	John Shirley	Discovery Biotech Inc. - Common Shares	10,500.00	3,500.00
09-Dec-2002	Marten Runia	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
09-Dec-2002	Bob Andonian	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Bernard McNaught	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	John McNamee	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Louise Albert	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Denys G. Brulotte	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Alexander H. Fitzsimmons	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Rosendale Farms Ltd.	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	David McLean	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Mike Vonella	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
09-Dec-2002	Scott Penner	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00
09-Dec-2002	Cindy Kelly	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
09-Dec-2002	Larry Windover	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
09-Dec-2002	Patricia E. Ballin	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
09-Dec-2002	Bruno Dipietro	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Math Developments Inc.	Discovery Biotech Inc. - Common Shares	12,000.00	4,000.00
09-Dec-2002	Alan M. Ferguson	Discovery Biotech Inc. - Common Shares	6,000.00	2,000.00

09-Dec-2002	Susanna Cummings	Discovery Biotech Inc. - Common Shares	15,000.00	5,000.00
09-Dec-2002	Kazim U. Qureshi	Discovery Biotech Inc. - Common Shares	7,500.00	2,500.00
09-Dec-2002	Marc Factor	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Corie Fisher	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Peter Manton	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Rob Nicolucci	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	Meganathan Padiachy	Discovery Biotech Inc. - Common Shares	4,500.00	1,500.00
09-Dec-2002	Arie van Dodewaard	Discovery Biotech Inc. - Common Shares	3,000.00	1,000.00
09-Dec-2002	E.R. Clare Holmes	Discovery Biotech Inc. - Common Shares	1,500.00	500.00
09-Dec-2002	Herb Osborne	Discovery Biotech Inc. - Common Shares	4,500.00	1,500.00
01-Jun-2002 11/1/02	Royal Bank of Canada;Ontario Teacher's Pension Plan Board	D.E. Shaw Laminar International Fund - Trust Units	21,985,165.00	3.00
01-Aug-2002 9/1/02	Ontario Teacher's Pension Plan Board	D.E. Shaw Laminar International Fund - Trust Units	33,693,150.00	2.00
22-Nov-2002	James B.C. Doak	Enterprise Capital FI LP - Limited Partnership Units	1,871,343.61	8.00
18-Nov-2002	9 Purchasers	Environmental Waste International Inc. - Units	324,000.00	2,700,000.00
11-Dec-2002	Credit Risk Advisors	Ferrellgas Partners, L.P. - Notes	1,611,491.02	1,000,000.00
02-Dec-2002	Ontario Teachess' Pension Plan Board	FFTW Diversified Alpha Fund Ltd. - Shares	23,391,000.00	12,797.00
04-Dec-2002	3 Purchasers	Golf Town Canada Inc. - Shares	5,000,000.00	2,252,252.00
25-Nov-2002	3 Purchasers	Grant Prideco, Inc. - Notes	1,076,000.00	700.00
09-Dec-2002	10 Purchasers	Helix BioPharma Corp. - Common Shares	5,346,000.00	2,430,000.00
06-Dec-2002	9 Purchasers	Hudson Resources Inc. - Units	86,700.30	578,002.00
09-Dec-2002	5 Purchasers	Infowave Software, Inc. - Units	320,000.00	1,600,000.00
13-Dec-2002	Credit Risk Advisors	Insight Midwest, L.P./Insight Capital, Inc. - Notes	2,268,222.79	10.00

12-Dec-2002	Dave Goldman;Sheila B. Roth	Intasys Corporation - Common Shares	328,373.76	160,000.00
10-Dec-2002	288 Portage Limited Partnership	Kingsway International Holdings Limited - Common Shares	199,750.00	117,500.00
29-Nov-2002	Fabi;M & K	Kingwest Avenue Portfolio - Units	150,000.00	8,221.00
02-Dec-2002	EdgeStone Capital Mezzanine Fund II Nominee;Inc.	Labstat International Inc. - Common Shares	15,000,000.00	15,000,000.00
08-Nov-2002	1466529 Ontario Ltd.;Allain Labelle	Landmark Global Opportunities Fund - Units	94,698.14	889.00
15-Nov-2002	Joanne E Marshall	Landmark Global Opportunities Fund - Units	150,000.00	1,416.00
22-Nov-2002	3 Purchasers	Landmark Global Opportunities Fund - Units	457,526.63	4,422.00
15-Nov-2002	Wesley Henry	Landmark Global Opportunities RSP Fund - Units	9,124.14	93.00
04-Dec-2002	HPD Exploration plc	Landore Resources Inc. - Units	1,000,000.00	4,000,000.00
02-Dec-2002	David Edwards;Leon Frazer & Associates	Magna Entertainment Corp. - Notes	565,000.00	2.00
02-Dec-2002	34 Purchasers	Magna International Inc. - Notes	6,162,000.00	34.00
29-Nov-2002	Nunavut Trust;David LeGresley	MAPLE KEY Market Neutral LP - Limited Partnership Units	8,149,630.00	5,150,000.00
02-Dec-2002	6 Purchases	MCAN Performance Strategies - Limited Partnership Units	8,896,000.00	49,500.00
10-Dec-2002	Jean Murray	Meston Resources Inc. - Units	136,700.00	20.00
06-Dec-2002	Ronald Nolan	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
06-Dec-2002	Robert Rice	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
06-Dec-2002	Winston Reynolds	Microsource Online, Inc. - Common Shares	1,200.00	200.00
06-Dec-2002	Henri Leduc	Microsource Online, Inc. - Common Shares	4,800.00	800.00
04-Dec-2002	Gino Paolone	Microsource Online, Inc. - Common Shares	4,200.00	700.00
04-Dec-2002	Sandra J. Romer	Microsource Online, Inc. - Common Shares	9,000.00	1,500.00
04-Dec-2002	Joel Bouchard	Microsource Online, Inc. - Common Shares	3,000.00	500.00
03-Dec-2002	3 Purchasers	Milagro Energy Inc. - Common Shares	524,892.00	620,520.00

03-Dec-2002	Stephen Daub;arthur Marchand	Milagro Energy Inc. - Flow-Through Shares	124,250.00	146,177.00
31-Oct-2002	Queen's University	Morgan Stanley - Units Endowment	1,500,000.00	151,031.00
07-Nov-2002	Kinectrics Inc.	Morgan Stanley - Units	11,700,000.00	1,165,795.00
10-Dec-2002	Jean Murray	MSV Resources Inc. - Units	63,300.00	20.00
05-Dec-2002	Gary R. Bartholomew	NetDriven Solutions Inc. - Debentures	102,956.86	1.00
21-Oct-2002	8 Purchasers	New Solutions Financial (IV) Corporation - Debentures	540,000.00	8.00
02-May-2002	Richard Kennedy;Bernie Kafka	Nexus Group International Inc. - Units	675,000.00	7,500,000.00
01-Nov-2002 11/6/02	Donner Canadian Foundation	Northern Institutional Funds - Common Shares	9,960,623.00	322,747.00
11-Dec-2002	3 Purchasers	Oncolytics Biotech Inc. - Units	244,800.00	122,400.00
05-Dec-2002	6 Purchasers	OPTI Canada Inc. - Common Shares	8,250,000.00	515,625.00
18-Dec-2002	4 Purchasers	Pele Mountain Resources Inc. - Units	295,000.00	2,212,500.00
02-Dec-2002	Stewart MacGregor;Nancy Hamm	Plaza LPC Commercial Trust - Trust Units	350,000.00	350,000.00
10-Dec-2002	Commercial Mortgage Origination Company of Canada	Prime Trust - Notes	13,978,567.18	2.00
05-Dec-2002	3 Purchasers	Rally Energy Corp. - Flow-Through Shares	1,320,000.00	2,200,000.00
06-Dec-2002	CMP 2002 Limited Partnership	Regis Resources Inc. - Flow-Through Shares	250,000.00	312,500.00
04-Dec-2002	154 Purchasers	Rockwater Capital Corporation - Special Warrants	15,156,776.25	20,209,035.00
17-Dec-2002	81 Purchasers	Rockwater Capital Corporation - Special Warrants	4,835,500.00	6,279,869.00
04-Dec-2002	Masonite International Corporation	Sacopan Inc. - Shares	15,000,000.00	23,000,000.00
12-Dec-2002	4 Purchasers	Second World Trader Inc. - N/A	2,580.00	12.00
09-Dec-2002	Helix BioPharma Corp.	Sensium Technologies Inc. - Common Shares	550,000.00	250,000.00
09-Dec-2002	Helix BioPharma Corp.	Sensium Technologies Inc. - Common Shares	1,622,500.00	737,500.00
09-Dec-2002	Helix BioPharma Corp.	Sensium Technologies Inc. - Common Shares	132,000.00	60,000.00

09-Dec-2002	Helix BioPharma Corp.	Sensium Technologies Inc. - Common Shares	220,000.00	100,000.00
09-Dec-2002	Helix BioPharma Corp.	Sensium Technologies Inc. - Common Shares	550,000.00	250,000.00
09-Dec-2002	Helix BioPharma Corp.	Sensium Technologies Inc. - Common Shares	440,000.00	200,000.00
09-Dec-2002	Helix BioPharma Corp.	Sensium Technologies Inc. - Common Shares	935,000.00	425,000.00
09-Dec-2002	Helix BioPharma Corp.	Sensium Technologies Inc. - Common Shares	412,500.00	187,500.00
09-Dec-2002	Helix BioPharma Corp.	Sensium Technologies Inc. - Common Shares	44,000.00	20,000.00
06-Dec-2002	3 Purchasers	Shaker Resources Inc. - Flow-Through Shares	560,050.00	487,000.00
29-Nov-2002	Robert May;Peter Wowk	Shelton Canada Corp. - Common Shares	32,500.00	116,072.00
04-Dec-2002	23 Purchasers	Stratic Energy Corporation - Special Warrants	2,795,290.08	15,001,319.00
04-Dec-2002	4 Purchasers	St. Jude Resources Ltd. - Units	478,950.00	638,600.00
01-Dec-2002	Maria Vincenza Sera	The Alpha Fund - Limited Partnership Units	250,000.00	2.00
29-Nov-2002	3 Purchasers	The McElvaine Investment Trust - Units	173,770.00	10,411.00
29-Nov-2002	14 Purchasers	The Trust Company of Bank of Montreal - Certificate	166,600,000.00	14.00
06-Dec-2002	3 Purchasers	Toro Energy Inc. - Common Shares	587,000.00	978,334.00
10-Dec-2002	7 Purchasers	Transgaming Technologies Inc. - Common Shares	2,899,710.00	999,900.00
06-Dec-2002	5 Purchasers	Transgaming Technologies Inc. - Convertible Debentures	890,389.00	868,695.00
27-Nov-2002	N/A	Transition Therapeutics Inc. - Common Shares	643,000.57	1,837,145.00
03-Dec-2002	3 Purchasers	Tribute Minerals Inc. - Common Shares	250,000.00	1,000,000.00
08-Nov-2002	Patricia Currie	Trident Global Opportunities Fund – Units	33,625.75	316.00
08-Nov-2002	Allain Labelle, 1504603 Ontario	Trident Global Opportunities	112,828.53	1059.721
15-Nov-2002	Patricia Currie	Trident Global Opportunities Fund - Units	5,562.01	53.00

15-Nov-2002	Daniel P. Leung	Trident Global Opportunities Fund - Units	50,000.00	477.00
08-Nov-2002	Debbie Ludchen	Trident Global Opportunities RSP Fund - Units	25,000.00	251.00
04-Dec-2002	CastleHill Ventures Limited	TrueSpectra Inc. - Notes	49,317.70	1.00
11-Dec-2002	Maison Placements Canada Inc.	Unigold Resources Inc. - Common Shares	0.00	100,000.00
06-Dec-2002 12/13/02	8 Purchasers	Villacare Retirement (2002) Limited Partnership - Limited Partnership Units	1,507,000.00	11.00
17-Sep-2002	Hugh Harbinson	Western Copper Holdings Limited - Common Shares	0.00	30,000.00

RESALE OF SECURITIES - (FORM 45-501F2)

Transaction Date	Seller	Security	Total Selling Price	Number of Securities
09-Dec-2002	Investors Group trust Co. Ltd.	Aecon Group Inc. - Common Shares	3,000.00	
09-Dec-2002	Investors Group Trust Co. Ltd.	PanGeo Pharma Inc. - Common Shares	5,000.00	
03-Dec-2002	Scotia Capital Inc.	Toronto-Dominion Bank - N/A	1,204,000.00	

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
M.S. Carr & Associates Ltd.	Bitterroot Resources Ltd. - Common Shares	1,500,000.00
John Buhler	Buhler Industries Inc. - Common Shares	1,000,000.00
The Catherine and Maxwell Meighen Foundation	Canadian General Investments, Limited - Common Shares	270,900.00
Discovery capital Corporation	CardioComm Solutions Inc. - Common Shares	1,500,000.00
Discovery Capital Corporation	CardioComm Solutions Inc. - Common Shares	1,500,000.00
Larry Melnick	Champion Natural Health.com Inc. - Shares	119,765.00
Agnico-eagle Mines Limited	Consolidated Thompson-Lundmark Gold Mines Limited - Common Shares	1,228,821.00
Kingfield Holdings Limited	Extendicare Inc. - Shares	43,000.00
ARC Canadian Energy Venture Fund, ARC Canadian	Gauntler Energy Corporation - Common Shares	1,000,000.00
Xenolith Gold Limited	Kookaburra Resources Ltd. - Common Shares	1,381,700.00

Nizar J. Somji	Matrikon Inc. - Common Shares	200,000.00
Northfield Inc.	NFX Gold Inc. - Common Shares	3,000,000.00
The Catherine and Maxwell Meighen Foundation	Third Canadian General Investment Trust Limited - Common Shares	124,500.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
AltaGas Services Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Shelf Prospectus dated December 20th, 2002
Mutual Reliance Review System Receipt dated December 20th, 2002
Offering Price and Description:
$250,000,000
Medium Term Notes
(Unsecured)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Merrill Lynch Canada Inc.
TD Securities Inc.
Promoter(s):
-
Project #503863

Issuer Name:
Citadel Multi-Sector Income Fund
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated December 18th, 2002
Mutual Reliance Review System Receipt dated December 19th, 2002
Offering Price and Description:
Minimum $ * (* Trust Units)
Maximum $ * (* Trust Units)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Cancaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Bieber Securities Inc.
First Associates Investments Inc.
Promoter(s):
Citadel Multi-Sector Management Inc.
Project #503170

Issuer Name:
Coleford Private Balanced Fund
Type and Date:
Preliminary Simplified Prospectus dated December 19th, 2002
Receipt dated 30th day of December, 2002
Offering Price and Description:
Series A and F Shares
Underwriter(s) or Distributor(s):
All Canadian Management Inc.
Promoter(s):
-
Project #504235

Issuer Name:
Diversified Investment Grade Income Trust, Series 2
Principal Regulator - Quebec
Type and Date:
Preliminary PREP Prospectus dated December 20th, 2002
Mutual Reliance Review System Receipt dated December 20th, 2002
Offering Price and Description:
Maximum $ <*> (<*> Redeemable Units)
Minimum $ <*> (<*> Redeemable Units)
$10.00 per Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Promoter(s):
National Bank Financial Inc.
Project #503712

Issuer Name:
Faircourt Income Split Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 18th, 2002
Mutual Reliance Review System Receipt dated December 19th, 2002
Offering Price and Description:
Maximum $ *
* Units and * Preferred Securities
Prices: $10.00 per Unit
$25.00 per Preferred Security
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Promoter(s):
Faircourt Asset Management Inc.
Project #503016

Issuer Name:
Fort Chicago Energy Partners L.P.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Shelf Prospectus dated December 20th, 2002
Mutual Reliance Review System Receipt dated December 20th, 2002
Offering Price and Description:
$350,000,000 Subordinated Debt Securities (unsecured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #503853

Issuer Name:
Logix U.S. Equity Fund
Logix U.S. Equity RSP Fund
Logix Money Market Fund
Logix International Equity Fund
Logix Global Bond Fund
Logix Canadian Equity Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated December 20th, 2002
Mutual Reliance Review System Receipt dated December 23rd, 2002
Offering Price and Description:
Mutual Funds Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Logix Asset Management Inc.
Project #503769

Issuer Name:
Magellan Aerospace Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 17th, 2002
Mutual Reliance Review System Receipt dated December 18th, 2002
Offering Price and Description:
$55,000,000
8.5% Convertible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Dundee Securities Corporation
Paradigm Capital Inc.
Raymond James Ltd.
Promoter(s):
-
Project #502796

Issuer Name:
Skylon Global Capital Yield Trust II
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 20th, 2002
Mutual Reliance Review System Receipt dated December 23rd, 2002
Offering Price and Description:
$ * (Maximum)
* Series 2012 Units
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
Promoter(s):
Skylon Capital Corp.
Project #503947

Issuer Name:
Viking Energy Royalty Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 23rd, 2002
Mutual Reliance Review System Receipt dated December 23rd, 2002
Offering Price and Description:
$75,000,000
10.5% Extendible Convertible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Raymond James Ltd.
Promoter(s):
-
Project #504201

Issuer Name:
Wireless Networks Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated December 17th, 2002
Mutual Reliance Review System Receipt dated December 18th, 2002
Offering Price and Description:
Maximum Offering: $1,500,000 (6,000,000 Units)
Minimum Offering: $500,000 (2,000,000 Units) and 7,644,000 Common Shares Issuable upon the Exercise of Special Warrants and
652,800 Agent's Options Issuable upon the Exercise of Broker's Warrants
Price: $0.25 per Unit
Underwriter(s) or Distributor(s):
-
Promoter(s):
Emerging Equities Inc.
Project #502574

Issuer Name:
AIC Global Advantage Corporate Class (formerly AIC World Advantage Corporate Class)
AIC Diversified Science & Technology Corporate Class (formerly AIC Global Technology Corporate Class
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated December 18th, 2002 to the Amended and Restated Simplified Prospectus and Annual Information Forms dated May 3rd, 2002, amending and restating Simplified Prospectus and Annual Information Forms
of the above Issuers dated April 19th, 2002 for AIC Total Yield Corporate Class dated March 20th, 2002
for all other Funds.
Mutual Reliance Review System Receipt dated 23rd day of December, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
AIC Limited
Project #421065

Issuer Name:
Excel China Fund
Excel India Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 20, 2002 to Simplified Prospectus and Annual Information Form
dated February 1st, 2002
Mutual Reliance Review System Receipt dated 27th day of December, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
Excel Funds Management Inc.
Promoter(s):
-
Project #411434

Issuer Name:
Maestral Canadian Dividend Fund
Maestral Small Cap Canadian Equity Fund (Formerly Maestral Growth Equity Fund)
Maestral Global Equity Fund
Maestral Global Equity RSP Fund
Maestral Health & Biotechnology Fund
Principal Regulator - Quebec
Type and Date:
Amendment #1 dated December 16th, 2002 to Simplified Prospectus and Annual Information Form
dated October 23rd, 2002
Mutual Reliance Review System Receipt dated 23rd day of December, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
Desjardins Trust Inc.
Desjardins Trust
Desjardins Trust Investment Services Inc.
Promoter(s):
Desjardins Trust Inc.
Project #481109

Issuer Name:
MD Balanced Fund
MDPIM Canadian Equity Pool (Formerly MD Canadian Tax Managed Pool)
MDPIM US Equity Pool (Formerly MD US Tax Managed Pool)
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated December 16th, 2002 to Simplified Prospectus and Annual Information Form
dated July 25th, 2002
Mutual Reliance Review System Receipt dated 27th day of December, 2002
Offering Price and Description:
Mutual Funds Net Asset Value
Underwriter(s) or Distributor(s):
MD Management Limited
Promoter(s):
MD Funds Management Inc.
Project #464682

Issuer Name:
Pinnacle American Large Cap Growth Equity Fund
Pinnacle American Value Equity Fund
Pinnacle Canadian Small Cap Growth Equity Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 3rd, 2002 to Simplified Prospectus and Annual Information Form
dated January 29th, 2002
Mutual Reliance Review System Receipt dated 16th day of December, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Promoter(s):
Scotia Capital Inc.
Project #410800

Issuer Name:
Royal Select Conservative Portfolio (Formerly Royal Select Income Portfolio)
Royal Select Balanced Portfolio
Royal Select Growth Portfolio
Royal Select Choices Conservative Portfolio (Formerly Royal Select Choices Income Portfolio)
Royal Select Choices Balanced Portfolio
Royal Select Choices Growth Portfolio
Royal Select Choices Aggressive Growth Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated December 17th, 2002 to Simplified Prospectus and Annual Information Form
dated July 16th, 2002
Mutual Reliance Review System Receipt dated 27th day of December, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
Royal Mutual Funds Inc.
Promoter(s):
RBC Fund Inc.
Project #459378

Issuer Name:
University Avenue Balanced Fund
University Avenue Canadian Fund
University Avenue U.S. Growth Fund
University Avenue U.S. Small Cap Fund
University Avenue World Fund
University Avenue Money Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 12th, 2002 to Simplified Prospectus and Annual Information Form
dated July 8th, 2002
Mutual Reliance Review System Receipt dated 23rd day of December, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Robert F. Wilson
Vicki M. Rosenthal
Project #454139

Issuer Name:
Alexis Nihon Real Estate Investment Trust
Principal Jurisdiction - Quebec
Type and Date:
Final Prospectus dated December 13th, 2002
Mutual Reliance Review System Receipt dated 13th day of December, 2002
Offering Price and Description:
$85,000,000 - 8,500,000 Units @ $10.00 per Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Desjardins Securities Inc.
Promoter(s):
-
Project #488319

Issuer Name:
Canadian Medical Discoveries Fund Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 24th, 2002
Mutual Reliance Review System Receipt dated 27th day of December, 2002
Offering Price and Description:
Class A shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #500517

Issuer Name:
Canadian Science and Technology Growth Fund Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 20th, 2002
Mutual Reliance Review System Receipt dated 27th day of December, 2002
Offering Price and Description:
(Class A Shares)
Underwriter(s) or Distributor(s):
-
Promoter(s):
Technology Investments Management Corporation
CATCA Sponsor Corp.
Project #493989

Issuer Name:
Covington Fund II Inc.
Type and Date:
Final Prospectus dated December 16th, 2002
Receipt dated on 16th day of December, 2002
Offering Price and Description:
Class A Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Covington Capital Corporation
Project #492659

Issuer Name:
Futures Index Fund
3XL Futures Index Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectuses dated December 14th, 2002
Mutual Reliance Review System Receipt dated 19th day of December, 2002
Offering Price and Description:
(Class O Units, Class I Units, Class P Units)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #490214

Issuer Name:
Front Street Energy Growth Fund Inc. (Formerly Tuscarora Energy Growth Fund Inc.)
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 17th, 2002
Mutual Reliance Review System Receipt dated 27th day of December, 2002
Offering Price and Description:
(Class A Shares, Series I, Class A Shares, Series II and Class A Shares, Series III)
Underwriter(s) or Distributor(s):
-
Promoter(s):
TNG Canada/CWA Sponsor Inc.
Front Street Capital Inc.
Project #489020

Issuer Name:
Frontera Copper Corporation
Type and Date:
Final Prospectus dated December 18th, 2002
Receipt dated 23rd day of December, 2002
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Patrick J. Ryan
Hugh R. Snyder
Wayne G.Beach
Project #489824

Issuer Name:
Great-West Life Capital Trust
Great-West Lifeco Inc.
The Great-West Life Assurance Company
Principal Regulator - Ontario
Type and Date:
Final Prospectuses dated December 17th, 2002
Mutual Reliance Review System Receipt dated 18th day of December, 2002
Offering Price and Description:
$350,000,000.00 - 350,000 Great-West Life Trust Securities Series A (GREATs(TM) Series A) @$1,000.00 per GREATs Series A
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
Promoter(s):
The Great-West Life Assurance Company
Project #498163, 498131 and 498143

Issuer Name:
Horizons Tactical Hedge Fund
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated December 23rd, 2002
Mutual Reliance Review System Receipt dated 24th day of December, 2002
Offering Price and Description:
Series A and F Units @ Series Net Asset Value per Unit
Underwriter(s) or Distributor(s):
-
Promoter(s):
First Horizon Capital Corporation
Project #486264

Issuer Name:
IPC US Income Commercial Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 20th, 2002
Mutual Reliance Review System Receipt dated 20th day of December, 2002
Offering Price and Description:
Cdn. $25,000,000.00 - 2,500,000 Units @$10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Desjardins Securities Inc.
Raymond James Ltd.
Promoter(s):
-
Project #490141

Issuer Name:
Medisys Health Group Inc.
Principal Regulator - Quebec
Type and Date:
Final Prospectus dated December 16th, 2002
Mutual Reliance Review System Receipt dated 17th day of December, 2002
Offering Price and Description:
$ 10,000,002.00 - Up to 3,333,334 Subordinate Voting Shares @$3.00 per subordinate Voting Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #487837

Issuer Name:
Smart Api Venture Capital Corporation
Principal Regulator - Quebec
Type and Date:
Final Prospectus dated December 12th, 2002
Mutual Reliance Review System Receipt dated 17th day of December, 2002
Offering Price and Description:
$750,000 to $2,000,000 - 1,500,000 to 4,000,000 Class A Shares
Underwriter(s) or Distributor(s):
Research Capital Corporation
Promoter(s):
Michel Lesage
Project #474140

Issuer Name:
Triax Growth Fund Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 13th, 2002
Mutual Reliance Review System Receipt dated 17th day of December, 2002
Offering Price and Description:
Class A Shares @ Net Asset Value per Share
Underwriter(s) or Distributor(s):
Triax Growth Fund Inc.
Promoter(s):
Triax Capital Management Inc.
Project #493057

Issuer Name:
Venture Partners Balanced Fund Inc.
Venture Partners Equity Fund Inc.
Type and Date:
Final Prospectus dated December 18th, 2002
Receipt dated 20th day of December, 2002
Offering Price and Description:
(Class A Shares)
Underwriter(s) or Distributor(s):
-
Promoter(s):
CFPA Sponsor Inc.
Triax-Covington Corporation
Project #490208

Issuer Name:
Venturelink Brighter Future (Equity) Fund Inc.
Venturelink Financial Services Innovation Fund Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectuses dated December 16th, 2002
Mutual Reliance Review System Receipt dated 17th day of December, 2002
Offering Price and Description:
Class A Shares, Series I and Class A Shares, Series II @ Net Asset Value per Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
CFPA Sponsor Inc.
Skylon Funds Management Inc.
Project #493139

Issuer Name:
WATT Limited Partnership II
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 20th, 2002
Mutual Reliance Review System Receipt dated 20th day of December, 2002
Offering Price and Description:
$2,000,000 to $15,000,000 - 2,000 to 15,000 Units @ $1,000 per Unit
Underwriter(s) or Distributor(s):
Yorkton Securities Inc.
Promoter(s):
Watt Energy Management II Corp.
Watt Capital Inc.
Watt Energy Consultants Ltd.
Project #487092

Issuer Name:
Ballard Power Systems Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated December 18th, 2002
Mutual Reliance Review System Receipt dated 18th day of December, 2002
Offering Price and Description:
Cdn$155,925,000.00 - 7,700,000 Common Shares @$20.25 per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
UBS Bunting Warburg Inc.
Promoter(s):
-
Project #501343

Issuer Name:
Domtar Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated December 18th, 2002
Mutual Reliance Review System Receipt dated 18th day of December, 2002
Offering Price and Description:
$299,809,108.50 - 18,170,249 Units @$16.50 per Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
UBS Bunting Warburg Inc.
Desjardins Securities Inc.
TD Securities Inc.
Promoter(s):
-
Project #501059

Issuer Name:
Eldorado Gold Corporation
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated December 16th, 2002
Mutual Reliance Review System Receipt dated 16th day of December, 2002
Offering Price and Description:
$32,000,000.00 - 20,000,000 Units @$1.60 per Unit
Underwriter(s) or Distributor(s):
Yorkton Securities Inc.
Sprott Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Research Capital Corp.
Haywood Securities Inc.
Promoter(s):
-
Project #500815

Issuer Name:
Magellan Aerospace Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 27th, 2002
Mutual Reliance Review System Receipt dated 27th day of December, 2002
Offering Price and Description:
$55,000,000.00 - 8.5% Convertible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Dundee Securities Corporation
Paradigm Capital Inc.
Raymond James Ltd.
Promoter(s):
-
Project #502796

Issuer Name:
Sobeys Inc.
Principal Regulator - Nova Scotia
Type and Date:
Final Short Form Shelf Prospectus dated December 20th, 2002
Mutual Reliance Review System Receipt dated 20th day of December, 2002
Offering Price and Description:
$500,000,000 - Medium Term Notes (Unsecured)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Promoter(s):
-
Project #489848

Issuer Name:
Ultima Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 20th, 2002
Mutual Reliance Review System Receipt dated 20th day of December, 2002
Offering Price and Description:
$49,000,000.00 - 10,000,000 Trust Units @$4.90 Per Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #501977

Issuer Name:
Desjardins Canadian Equity Value Fund
Desjardins Global Science and Technology Fund
Desjardins International RSP Funds
Desjardins Ethical North American Fund
Desjardins Ethical Income Fund
Desjardins Ethical Balanced Fund
Desjardins Select Balanced Fund
Desjardins Select Canadian Fund
Desjardins Select Global Fund
Desjardins Select American Fund
Desjardins Asia/Pacific Fund
Desjardins Europe Fund
Desjardins High Potential Sectors Fund
Desjardins Quebec Fund
Desjardins Diversified Secure Fund
Desjardins Diversified Moderate Fund
Desjardins Diversified Audacious Fund
Desjardins Diversified Ambitious Fund
Desjardins Bond Fund
Desjardins Worldwide Balanced Fund
Desjardins Money Market Fund
Desjardins American Market Fund
Desjardins International Fund
Desjardins Mortgage Fund
Desjardins Balanced Fund
Desjardins Environment Fund
Desjardins Dividend Fund
Desjardins Growth Fund
Desjardins Equity Fund
Principal Regulator - Quebec
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated December 16th, 2002
Mutual Reliance Review System Receipt dated 20th day of December, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
Desjardins Trust Investments Services Inc.
Promoter(s):
Desjardins Trust Inc.
Project #494036

Issuer Name:
Harbour Foreign Growth & Income Sector Fund
Harbour Foreign Growth & Income RSP Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated December 23rd, 2002
Mutual Reliance Review System Receipt dated 27th day of December, 2002
Offering Price and Description:
(Sector A Shares, Sector F Shares and Sector I Shares of CI Sector Fund Limited) and (Class A Units and Class F Units)
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Mutual Funds Inc.
Project #501567

Issuer Name:
Harmony Americas Small Cap Equity Pool
Harmony Canadian Equity Pool
Harmony Canadian Fixed Income Pool
Harmony Money Market Pool
Harmony Overseas Equity Pool
Harmony RSP Americas Small Cap Equity Pool
(Formerly, Harmony RSP North American Small Cap Pool)
Harmony RSP Overseas Equity Pool
Harmony RSP U.S. Equity Pool
Harmony U.S. Equity Pool
(Formerly, Harmony U.S. Active Equity Pool)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated December 20th, 2002
Mutual Reliance Review System Receipt dated 23rd day of December, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
AGF Fund Inc.
Promoter(s):
-
Project #493055

Issuer Name:
HSBC Japan Fund
HSBC Global Technology Fund
HSBC U.S. Equity RSP Fund
HSBC Global Equity RSP Fund
HSBC U.S. Dollar Money Market Fund
HSBC Global Equity Fund
HSBC Mortgage Fund
HSBC Canadian Money Market Fund
HSBC Emerging Markets Fund
HSBC U.S. Equity Fund
HSBC AsiaPacific Fund
HSBC Canadian Balanced Fund
HSBC Canadian Bond Fund
HSBC Dividend Income Fund
HSBC Equity Fund
HSBC European Fund
HSBC World Bond RSP Fund
HSBC Small Cap Growth Fund
Principal Regulator - British Columbia
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated December 16th, 2002
Mutual Reliance Review System Receipt dated 16th day of December, 2002
Offering Price and Description:
(Investor Series, Advisor Series, Manager Series and Institutional Series Units @ Net Asset Value per Unit)
Underwriter(s) or Distributor(s):
HSBC Investments Funds (Canada) Inc.
Promoter(s):
HSBC Investments Funds (Canada) Inc.
Project #485616

Issuer Name:
Mackenzie Cundill Canadian Security Fund
Mackenzie Growth Fund
Mackenzie Ivy Canadian Fund
Mackenzie Ivy Enterprise Fund
Mackenzie Maxxum Canadian Equity Growth Fund
Mackenzie Maxxum Canadian Value Fund
Mackenzie Maxxum Dividend Fund
Mackenzie Maxxum Dividend Growth Fund
Mackenzie Universal Canadian Growth Fund
Mackenzie Universal Future Fund
Mackenzie Universal Select Managers Canada Fund
Mackenzie Balanced Fund
Mackenzie Bond Fund
Mackenzie Cash Management Fund
Mackenzie Cundill Canadian Balanced Fund
Mackenzie Income Fund
Mackenzie Ivy Growth and Income Fund
Mackenzie Maxxum Canadian Balanced Fund
Mackenzie Maxxum Pension Fund
Mackenzie Money Market Fund
Mackenzie Mortgage Fund
Mackenzie Short-Term Bond Fund
Mackenzie Universal Canadian Balanced Fund
Mackenzie Yield Advantage Fund
Janus American Equity Fund
Janus RSP American Equity Fund
Mackenzie Universal U.S. Blue Chip Fund
Mackenzie Universal RSP U.S. Blue Chip Fund
Mackenzie Universal U.S. Emerging Growth Fund
Mackenzie Universal RSP U.S. Emerging Growth Fund
Mackenzie Universal RSP Select Managers USA Fund
Mackenzie U.S. Money Market Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated December 16th, 2002
Mutual Reliance Review System Receipt dated 23rd day of December, 2002
Offering Price and Description:
Series A, F, I, M and O Units
Underwriter(s) or Distributor(s):
Mackenzie Financial Corporation
Quadrus Investment Services Inc.
Peter Cundill & Associates Ltd.
Quadrus Investment Services Ltd.
Promoter(s):
Mackenzie Financial Corporation
Project #492097

Issuer Name:
Sentry Select Canadian Energy Growth Fund
Sentry Select Precious Metals Growth Fund
Sentry Select REIT Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated December 20th, 2002
Mutual Reliance Review System Receipt dated 27th day of December, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
Sentry Select Capital Corp.
NCE Financial Corporation
Promoter(s):
Sentry Select Capital Corp.
Project #493975

Issuer Name:
Social Housing Canadian Money Market Fund
Social Housing Canadian Short-Term Bond Fund
Social Housing Canadian Bond Fund
Social Housing Canadian Equity Fund
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated December 16th, 2002
Receipt dated 17th day of December, 2002
Offering Price and Description:
Series A Units
Underwriter(s) or Distributor(s):
Phillips, Hager & North Investment Funds Ltd.
Promoter(s):
SHSC Financial Inc.
Project #485483

Issuer Name:
Talvest Global Resource Fund
Talvest Global Resource RSP Fund
Talvest Value Line U.S. Equity RSP Fund
Talvest European RSP Fund
Talvest Asian RSP Fund
Talvest International Equity RSP Fund
Talvest International Equity Fund
Talvest Cdn. Multi Management Fund
Talvest Global Health Care RSP Fund
Talvest Global Science & Technology RSP Fund
Talvest China Plus RSP Fund
Talvest Global Small Cap RSP Fund
Talvest Global Equity RSP Fund
Talvest Global Multi Management Fund
Talvest Global Multi Management RSP Fund
Talvest FPX Growth Fund
Talvest FPX Balanced Fund
Talvest FPX Income Fund
Talvest China Plus Fund
Talvest Global Small Cap Fund
Talvest Global Equity Fund
Talvest Millennium High Income Fund
Talvest Millennium Next Generation Fund
Talvest Cdn. Equity Leaders Fund
Talvest Small Cap Cdn. Equity Fund
Talvest High Yield Bond Fund
Talvest Global Science & Technology Fund
Talvest Global Health Care Fund
Talvest Cdn. Equity Growth Fund
Talvest Value Line U.S. Equity Fund
Talvest European Fund
Talvest Asian Fund
Talvest Global Asset Allocation RSP Fund
Talvest Cdn. Asset Allocation Fund
Talvest Global RSP Fund
Talvest Dividend Fund
Talvest Global Bond RSP Fund
Talvest Bond Fund
Talvest Money Market Fund
Talvest Income Fund
Type and Date:
Final Simplified Prospectus and Annual Information Form dated December 20th, 2002
Mutual Reliance Review System Receipt dated 30th day of December, 2002
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
Talvest Fund Management Inc.
Promoter(s):
Talvest Fund Management Inc.
Project #486281

Issuer Name:
TDK Resource Fund Inc.
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated December 20th, 2002
Mutual Reliance Review System Receipt dated 27th day of December, 2002
Offering Price and Description:
(Class A Shares, Series I)
Underwriter(s) or Distributor(s):
TDK Management Fund Inc.
Promoter(s):
TDK Fund Management Inc.
Project #494780

Issuer Name:
Fogo Resources Inc.
Type and Date:
Rights Offering dated December 5th, 2002
Accepted 6th day of December, 2002
Offering Price and Description:
Offer of 1,433,347 Rights to Subscribe for up to 1,433,347 Flow-Through Common Shares
at a Subscription Price of $1 per Common Share
Underwriter(s) or Distributor(s):
Promoter(s):
-
Project #491967

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change of Name	CIBC Asset Management Inc. 20 Bay St Suite 1402 Waterpark PL Toronto, ON, M5J 2N8	From: CM Investment Management Inc. To: CIBC Asset Management Inc.	November 1/02
New Registration	Avenue Bancorp Ltd. 95 Wellington Street West Suite 707 Toronto, ON, M5J 2N7	Limited Market Dealer	December 20/02
New Registration	Bonds Direct Securities, LLC 520 Madison Avenue 8th Floor New York NY 10022 USA	International Dealer	December 20/02
New Registration	Goldman Sachs Princeton LLC 1 First Canadian Place Box 50 Toronto, ON, M5X 1B8	International Advisor Investment Counsel & Portfolio Manager	December 19/02

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 IDA Discipline Penalties Imposed on Dominique Monardo - Conduct Unbecoming

Contact:
Sharon Lane
Enforcement Counsel
(416) 865-3039

BULLETIN #3090
December 17, 2002

DISCIPLINE

DISCIPLINE PENALTIES IMPOSED ON DOMINIQUE MONARDO – CONDUCT UNBECOMING

Person Disciplined

The Ontario District Council of the Investment Dealers Association of Canada ("the Association") has imposed discipline penalties on Dominique Monardo ("Mr. Monardo") at the relevant times, a Non-Industry Director of Rampart Securities Inc. ("Rampart").

By-laws, Regulations, Policies Violated

On December 12, 2002, the Ontario District Council considered, reviewed and accepted a settlement agreement negotiated between Mr. Monardo and Association Staff.

Pursuant to the Settlement Agreement, Mr. Monardo admitted that he engaged in conduct unbecoming by failing to carry out his duties and responsibilities to ensure Rampart was in compliance with Association By-laws, Regulations and Policies from 1997 – 2001. (*see Rampart Securities Inc., Association Bulletin # 2954)*

Penalty Assessed

Mr. Monardo has agreed to not seek approval as a director of a Member of the Association or for employment by a Member of the Association for any position with regulatory compliance or regulatory supervisory responsibilities for a period of five years; such period to begin retroactive to August 14, 2001.

Summary of Facts

Mr. Monardo served as a Non-Industry director of Rampart from approximately January 2, 1997 through August 30, 2001. As the Chairman of Rampart Mercantile Inc. (the owner of Rampart), Mr. Monardo occupied an office in the physical premises of Rampart. He was never employed by Rampart.

On October 8, 1997 and October 26, 1999, at Rampart Board of Directors ("Board") meetings, Mr. Monardo was named as a member of the Executive Committee. The Executive Committee was given a mandate to deal with matters concerning Recruiting and Compensation and Rampart's Policies and Procedures and regulatory compliance. The Executive Committee was to meet on a formal basis and Minutes of the meetings were to be distributed to the Board for review. The Executive Committee never met.

In 1998, 1999 and 2000 the Association conducted Sales Compliance reviews of Rampart. In each of these reviews, the Association found repeated failures in Rampart's compliance systems. These failures included, *inter alia,* failure to fully conduct the daily and monthly supervisory reviews, high levels of suitability issues and documentation problems.

In 1998, 1999, 2000 and 2001, the Association conducted Financial Compliance reviews of Rampart. The Association determined that Rampart and its senior officers had failed to design, establish, oversee and implement an effective financial compliance program. The Association expressed serious concern over Rampart's internal controls over the accounting and regulatory reporting functions, in particular the credit control and reconciliation functions. Rampart had experienced capital deficiencies in January 1997, January 1999, September, October and November 1999, February and August 2000 and March to May 2001.

Despite representations from Rampart's senior officers in 1998, 1999 and 2000 that the deficiencies would be rectified, many of the deficiencies continued each year and additional deficiencies were identified in 1998, 1999, 2000 and 2001.

After each review, the Association reported the sales and financial compliance deficiencies identified in paragraphs 13 and 14 above to Rampart and its senior officers. The Association also provided a written report to Rampart and its senior officers after each review outlining these repeated and additional regulatory deficiencies and expressed its serious concerns in writing. These reports were not presented to the Board

by Rampart's senior officers.

Mr. Monardo had a responsibility along with other senior officers and directors of Rampart, to establish policies that met the minimum regulatory requirements of the Association and to monitor Rampart's business activities.

Mr. Monardo was or ought to have been aware of the regulatory compliance problems from 1997 – 2001. He failed to exercise the necessary due diligence to ensure that the Executive Committee fulfilled its mandate to meet regularly and report to the Board on matters relating to Rampart's regulatory compliance. He relied solely on the senior officers of Rampart to fulfill the regulatory requirements of the Association. Mr. Monardo did not report to the Board that the Executive Committee was not meeting and he failed to exercise the necessary due diligence to ensure, absent such meetings, that the senior officers of Rampart were reporting to the Board on matters relating to regulatory compliance.

Kenneth A. Nason
Association Secretary

13.1.2 Discipline Pursuant to IDA By-Law 20 - Dominique Monardo - Settlement Agreement

IN THE MATTER OF
DISCIPLINE PURSUANT TO BY-LAW 20
OF THE INVESTMENT DEALERS
ASSOCIATION OF CANADA

RE: DOMINIQUE MONARDO

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 Dominique Monardo (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. Staff and the Respondent agree with the facts as set out in this Settlement Agreement, solely for the purposes of this proceeding and any other proceeding commenced by a securities regulatory agency.

Rampart

8. 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 served as a Non-Industry director of Rampart from approximately January 2, 1997 through August 30, 2001. He was never employed by Rampart. As the Chairman of Rampart Mercantile, he occupied an office in the physical premises of Rampart.

10. On October 8, 1997, at a Rampart Board of Directors ("Board") meeting, the Respondent was named as a member of the Executive Committee, along with Barry Kasman ("Kasman") (Rampart Chairman, Chief Executive Officer and Alternative Designated Person ("ADP") and Henry Cole ("Cole")(Rampart President and a director). The Executive Committee was given a mandate to deal with matters concerning Recruiting and Compensation and Rampart's Policies and Procedures with a view to regulatory compliance as well as other matters dealing with regulatory compliance.

11. The Executive Committee was mandated to serve at the pleasure of the Board and was to meet on a formal basis. Minutes of the Executive Committee meetings were to be kept and distributed to the entire Board of Directors ("Board") for review. The Executive Committee never met.

12. On October 26, 1999, at a Board meeting, the directors of Rampart were informed of the resignation of Kasman as Chairman and Chief Executive Officer. At this meeting, it was resolved to create an Executive Committee comprised of the Respondent, Cole, Nicolas Tsaconakos ("Tsaconakos") (Chief Financial and Operating Officer of Rampart) and Sean Shanahan ("Shanahan") (Rampart director). The Executive Committee had similar responsibilities to those described in paragraph 10 and 11 above. The Executive Committee never met.

Rampart's Regulatory Compliance History (1997 through 2001)

13. In 1998, 1999 and 2000 the Association conducted Sales Compliance reviews of Rampart. In each of these reviews, the Association found repeated failures in Rampart's compliance systems. These failures included, *inter alia,* failure to fully conduct the daily and monthly supervisory reviews, high levels of suitability issues and documentation problems.

14. In 1998, 1999, 2000 and 2001, the Association conducted Financial Compliance reviews of Rampart. The Association determined that Rampart and its senior officers had failed to design, establish, oversee and implement an effective financial compliance program. The Association expressed serious concern over Rampart's internal controls over the accounting and regulatory reporting functions, in particular the credit control and reconciliation functions. Rampart had experienced capital deficiencies in January 1997, January 1999, September October and November 1999, February and August 2000 and March to May 2001.

15. Despite representations from Rampart's senior officers in 1998, 1999 and 2000 that the deficiencies would be rectified, many of the deficiencies continued each year and additional deficiencies were identified in 1998, 1999, 2000 and 2001.

16. After each review, the Association reported the sales and financial compliance deficiencies identified in paragraphs 13 and 14 above to Rampart and its senior officers. The Association also provided a written report to Rampart and its senior officers after each review outlining these repeated and additional regulatory deficiencies and expressed its serious concerns in writing. These reports were not presented to the Board by Rampart's senior officers.

The Respondent's Responsibilities

17. The Respondent, as a non-industry director of Rampart and a Member of the Executive Committee, had a responsibility along with other senior officers and directors of Rampart, to establish policies that met the minimum regulatory requirements of the Association and to monitor Rampart's business activities.

18. The Respondent was or ought to have been aware of the regulatory compliance problems from 1997 – 2001. He failed to exercise the necessary due diligence to ensure that the Executive Committee fulfilled its mandate to meet regularly and report to the Board on matters relating to Rampart's regulatory compliance. The Respondent relied solely on the senior officers of Rampart to fulfill the regulatory requirements of the Association.

19. The Respondent did not report to the Board that the Executive Committee was not meeting and he failed to exercise the necessary due diligence to ensure, absent such meetings, that the senior officers of Rampart were reporting to the Board on matters relating to regulatory compliance.

20. Staff acknowledges the Respondent's co-operation throughout its investigation.

IV. CONTRAVENTIONS

21. As a consequence of the acts and omissions referred to in paragraphs 18 and 19 above, the Respondent has engaged in conduct unbecoming by failing to carry out his duties and responsibilities to ensure Rampart was in compliance with Association By-laws, Regulations and Policies.

V. ADMISSION OF CONTRAVENTIONS AND FUTURE COMPLIANCE

22. The Respondent admits engaging in conduct unbecoming as set out in Section IV of this Settlement Agreement. The Respondent acknowledges his responsibility to comply with the By-laws, Regulations, Rulings and Policies of the Association.

VI. PENALTIES AND TERMS

23. The Respondent and Staff hereby agree to the penalties and terms described in this section.

    i. The Respondent agrees not to seek approval as a director of a Member of the Association or for employment by a Member of the Association for any position with regulatory compliance or regulatory supervisory responsibilities for a period of five years; such period to begin retroactive to August 14, 2001.

VII. Effective Date

24. 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

25. If this Settlement Agreement becomes effective and binding, the Respondent hereby waives his right to a hearing under the Association By-laws in respect of the matters described herein and further waives any right of appeal or review which may be available under such By-laws or any applicable legislation.

IX. STAFF COMMITMENT

26. 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

27. 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

28. 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 this Settlement Agreement; and

(b) the negotiations relating thereto shall be without prejudice and may not be used as evidence or referred to in any proceeding.

AGREED TO by the Respondent, in the City of Toronto, in the Province of Ontario, this "22nd" day of "November", 2002.

"D.M. Fulton"
Witness

"Dominique Monardo"
Dominique Monardo

AGREED TO by Staff at the City of Toronto, in the Province of Ontario, this "27th" day of "November", 2002.

"Sharon Lane"
Witness

"Jeffrey 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 "12th"day of "December", 2002.

Investment Dealers Association of Canada
(Ontario District Council)

Per: "Fred Kaufman" - chairperson
Per: "Michael Walsh"
Per: "David W. Kerr"

13.1.3 IDA Disciplinary Hearing - James Donald Bruce

NEWS RELEASE
For immediate release

NOTICE TO PUBLIC: DISCIPLINARY HEARING

IN THE MATTER OF JAMES DONALD BRUCE

December 17, 2002 (Toronto, Ontario) – The Investment Dealers Association of Canada announced today that a hearing date has been set before a panel of the Ontario District Council of the Association in respect of matters for which James Donald Bruce may be disciplined by the Association.

The hearing relates to allegations that while a registered representative at the North Bay office of Nesbitt Burns Inc. (now BMO Nesbitt Burns), Mr. Bruce engaged in conduct unbecoming contrary to By-law 29.1 by misappropriating funds from various clients, forging client signatures and changing a client's mailing address without the client's knowledge or consent.

The hearing is scheduled to commence at 9:30 a.m. or as soon as thereafter on January 10, 2003, at the offices of Atchison & Denman Court Reporters located at 155 University Avenue, 3rd floor, Toronto, Ontario. The hearing is open to the public except as may be required for the protection of confidential matters. Copies of the Decision of the District Council will be made available.

The Investment Dealers Association of Canada is the national self-regulatory organization and representative of the securities industry. The Association's mission is to protect investors and enhance the efficiency and competitiveness of the Canadian capital markets. The IDA enforces rules and regulations regarding the sales, business and financial practices of its Member firms. Investigating complaints and disciplining Members are part of the IDA's regulatory role.

For further information, please contact:

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

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

13.1.4 IDA Discipline Penalties Imposed on Jayanth Noronha - Violations of Conduct Unbecoming

Contact:
Elsa Renzella
Enforcement Counsel
(416) 943-5877

BULLETIN # 3095
December 23, 2002

DISCIPLINE

DISCIPLINE PENALTIES IMPOSED ON JAYANTH NORONHA – VIOLATIONS OF CONDUCT UNBECOMING

Person Disciplined

The Ontario District Council of the Investment Dealers Association of Canada ("the Association") has imposed discipline penalties on Jayanth Noronha at the relevant time, a Registered Representative at Berkshire Securities Inc. ("Berkshire").

By-laws, Regulations, Policies Violated

On December 18, 2002, the Ontario District Council considered and reviewed a settlement agreement negotiated between Mr. Noronha and Association Staff and amended it by reducing the fine that was originally negotiated.

Pursuant to the Settlement Agreement, Mr. Noronha admitted that he engaged in conduct unbecoming by facilitating and soliciting participation in two distributions with such distributions being conducted off-book and without the knowledge or consent of Berskhire head office. Mr. Noronha further admitted that he engaged in conduct unbecoming when he misrepresented H.N. Partnership as the principal purchaser and beneficial owner of the securities relating to one of the off-book distributions in order to meet the prospectus exemption requirements set out in s. 72(1)(d) of the *Ontario Securities Act*.

Penalty Assessed

In terms of penalty, the Settlement Agreement as originally negotiated provided for a fine in the amount of $40,000; and a requirement that Mr. Noronha successfully re-write the examination based on the *Conduct and Practices Handbook for Securities Industry Professionals* within one year of the effective date of the Settlement Agreement. The Ontario District Council reduced the fine to $25,000 given the mitigating circumstances of this case including the fact that the distributions were not subject to a cease trade order such as was the case in *Re: Woody Wu* (see IDA Discipline Bulletin #3032).

Finally, Mr. Noronha was ordered to pay the Association's costs in the amount of $5,000.

Summary of Facts

During the period from January to May 2000, Mr. Noronha, a registered representative at Berkshire's North York office, facilitated and solicited participation in the private placement of Finline Technologies Inc. ("Finline") and North American Detectors Inc. ("NADI") from various individuals including Berkshire clients and other registered representatives working at Berkshire's North York office. Each individual subscriber to the placements was required to sign a disclaimer acknowledging the risks associated with these investments and the fact that Berkshire had no involvement.

All of the individual subscribers made their payments to HN Partnership, of which Mr. Noronha was 50% owner, which in turn made lump sum payments to Finline and NADI. Both of these distributions were completed without the knowledge or consent of Berkshire and not recorded in Berkshire's books and records. Mr. Noronha received no compensation from any source for either of these distributions.

The Finline private placement was issued pursuant to the prospectus exemption set out in s. 72(1)(d) of the *Ontario Securities Act*, which provides that a prospectus is not required for a distribution where each principal purchaser invests a minimum of $150,000. In order to rely upon this exemption, Mr. Noronha misrepresented HN Partnership as the principal purchaser and beneficial owner of Finline.

At no time, did Mr. Noronha notify or seek the approval of Berkshire's head office for the off-book distributions of Finline and NADI. However, the branch manager was made aware of the details of the distribution and it was Mr. Noronha's honest belief that she had consented to these distributions.

The branch manager ultimately disclosed the details of these distributions to Berkshire's head office on May 30, 2000, well after their completion. Mr. Noronha was dismissed for cause from Berkshire for conducting outside business activities without disclosing such activities to Berkshire.

Mr. Noronha is currently employed at Dundee Securities Corporation as a Registered Representative Options.

Kenneth A. Nason
Association Secretary

13.1.5 Discipline Pursuant to IDA By-law 20 - Jayanth Noronha - Settlement Agreement

IN THE MATTER OF
DISCIPLINE PURSUANT TO BY-LAW 20
OF THE INVESTMENT DEALERS
ASSOCIATION OF CANADA

RE: JAYANTH NORONHA

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 Jayanth Noronha ("the Respondent").

2. The Investigation discloses matters for which the District Council of the Association ("the District Council") may penalize the Respondent by imposing discipline penalties.

II. Joint Settlement Recommendation

3. Staff and the Respondent consent and agree to the settlement of these matters by way of this Settlement Agreement in accordance with By-law 20.25.

4. This Settlement Agreement is subject to its acceptance, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council in accordance with By-law 20.26.

5. Staff and the Respondent jointly recommend that the District Council accept this Settlement Agreement.

6. If at any time prior to the acceptance of this Settlement Agreement, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council, there are new facts or issues of substantial concern in the view of Staff regarding the facts or issues set out in Section III of this Settlement Agreement, Staff will be entitled to withdraw this Settlement Agreement from consideration by the District Council.

III. Statement of Facts

(i) Acknowledgment

7. Staff and the Respondent agree with the facts set out in this Section III and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

(ii) Factual Background

a. General

8. The Association commenced an investigation into this matter following its receipt of a Uniform Termination Notice ("UTN") dated June 9, 2000 from Berkshire Securities Inc. ("Berkshire"). The UTN stated that the Respondent was dismissed for cause for conducting outside business activities without disclosing such activities to Berkshire.

9. At all material times, the Respondent was employed at Berkshire Securities Inc. ("Berkshire") at its North York branch office. Initially, he was registered as a securities dealer at Berkshire from February 21, 1997 until February 7, 2000. He then became registered with the Association on February 7, 2000 the same day his employer, Berkshire, became a Member. He continued to be employed with Berkshire until his termination on June 9, 2000. He is currently working at Dundee Securities Corporation as a Registered Representative Options.

10. At all material times while employed at Berkshire, the Respondent established a partnership with an employee at Berkshire Investment Group, the Mutual Fund arm of Berkshire. The partnership was called H.N. Partnership.

11. The outside business activities referred to in the UTN relate to the distribution of securities for Finline Technologies Ltd. ("Finline") and North American Detectors Inc. ("NADI"). Both companies are traded on the CDNX. Both companies are deemed high risk investments.

b. Finline Distribution

12. In June 1998, while at a conference hosted by Berkshire, a Berkshire Representative, C.H., approached the Respondent about possibly investing in Finline. It was later learned that C.H. was a director of Finline. Shortly after the conference, the Respondent provided C.H. a cheque for $5,600. In April 1999, the Respondent was advised of a further investment opportunity with Finline. The Respondent agreed to invest $6,000 and also invested $4,500 for each his mother-in-law and cousin.

13. In early January 2000, the Respondent learned of a third investment opportunity with Finline where the company was raising funds through a non-brokered private placement.

14. The Finline private placement was issued pursuant to the prospectus exemption as set out in s. 72(1)(d) of the *Ontario Securities Act*. Section 72(1)(d) provides that a prospectus is not required for a distribution where each purchaser, *as principal*, invests a minimum of $150,000 in the issue.

15. In mid -January and February 2000, the Respondent solicited participation in this private placement from various individuals including family members, his clients at Berkshire and other Registered Representatives who worked at Berkshire's North York office. The Registered Representatives who were involved either personally participated in the private placement and/or solicited investments from clients and non-clients of Berkshire.

16. The Respondent arranged a meeting in January at the North York office of Berkshire for potential investors. The Branch Manager was advised of this meeting which took place on the employer's premises.

17. A minimum investment of $10,000 was required from each individual who wished to subscribe to the private placement. The individual subscribers were also required to sign a disclaimer acknowledging the risks associated with this investment and the fact that Berkshire had no involvement in the distribution.

18. As a result of the Respondent's facilitation, twenty-five (25) investors including himself, participated in this private placement. Of these participants, only two were not Berkshire clients. Their total investment was $325,000.

19. In terms of payment, all of the individual subscribers to the distribution made cheques payable to H.N. Partnership. In turn, H.N. Partnership provided one lump sum payment to Finline for the total investment collected of $325,000.

20. While the lump sum payment made by H.N. Partnership met the $150,000 threshold requirement of s. 72(1)(d) of the *Ontario Securities Act*, none of the individual subscribers to Finline invested an amount in excess of the $150,000 threshold amount.

21. In order to rely upon the $150,000 *Ontario Securities Act* exemption, the Respondent portrayed H.N. Partnership as the principal purchaser and beneficial owner of the Finline units even though he knew this to be false information. On behalf of H.N. Partnership, the Respondent signed a subscription agreement dated February 15, 2000 acknowledging that H.N. Partnership as the purchaser of the Finline securities. The Respondent also prepared a Private Placement Questionnaire and Undertaking for the Alberta Stock Exchange indicating that H.N. Partnership was the purchaser and beneficial owner of the Finline securities. As a result of these misrepresentations, the share certificates and purchase warrants purchased through H.N. Partnership were registered in its name instead of the individual subscribers.

22. The Finline private placement was completed on February 23, 2000 without the knowledge or approval of Berkshire head office. The Finline purchases were not recorded in Berkshire's books and records.

23. The Respondent received no compensation from any sources for the Finline distribution.

c. NADI distribution

24. In March and April 2000, the Respondent facilitated the distribution of Rights to purchase special warrants in NADI. This distribution was exempt from any prospectus requirement pursuant to s. 72(1)(h) of the *Ontario Securities Act*.

25. Similar to the Finline distribution, the Respondent solicited participation in the NADI Rights Offering from various individuals including family members, Berkshire clients and other Registered Representatives employed at Berkshire's North York office.

26. As a result of the Respondent's facilitation, thirty-three (33) investors including himself participated in this private placement. Of these participants, only eight were not Berkshire clients. Their total investment was approximately $228, 000.

27. Although the branch manager did not invest in this private placement, she did solicit an investment from her brother who invested $10,000.

28. In terms of payment, all of the individual subscribers made cheques payable to H.N. Partnership, which in turn provided one lump sum payment to NADI.

29. Similar to the Finline distribution, the individual subscribers were required to sign a disclaimer acknowledging the risks associated with this investment and the fact that Berkshire had no involvement in this distribution.

30. The NADI Rights Offering was completed on May 11, 2000 without the knowledge or approval of Berkshire head office. The NADI purchases were not recorded in Berkshire's books and records.

31. The Respondent received no compensation from any sources for the NADI distribution.

d. Knowledge and Approval of Member Firm

32. At no time, did the Respondent notify or seek the approval of Berkshire head office for the off-book transactions of the Finline and NADI distributions. However, the branch manager was made aware of the details of this distribution.

33. The Respondent discussed the details of these distributions (including the disclaimers) with the branch manager on various occasions and as early as January 2000. At no time during these discussions did the Respondent receive express approval from her to participate in these off-book transactions. It was his honest belief that the branch manager had consented to these distributions.

34. While the Branch Manager did not expressly object to these distributions, the Association obtained evidence that at one point she did send the Respondent an email containing information that Head office approval was required for these types of transactions.

35. On January 24, 2000, the Branch Manager emailed Darrell Bartlett, Vice–President of Regulatory Affairs at Berkshire and made some general inquiries as to the regulatory requirements for an off-book private placement similar to Finline. The Branch Manager did not mention either the Respondent's name or the company Finline in her correspondence but rather wrote in general terms. Later that evening, Mr. Bartlett responded via email clearly stating that the advisor facilitating the private placement must notify both the President of Berkshire and himself of all the details of the proposed transactions for their review.

36. The Branch Manager forwarded Mr. Bartlett's email to the Respondent the following day on January 25, 2000. The Respondent did not act upon with this email. While there was evidence that the email was received into the Respondent's mailbox, he claims to not have read the email. The branch manager did not pursue the matter to ensure the Respondent acted on the email.

37. Berkshire head office only learned of both the Finline and NADI distributions well after the completion of these distributions during a conversation on May 30, 2000 between the branch manager and Vanessa Gardiner, Vice President of Compliance. At that time, the branch manager advised Ms Gardiner that she believed the Respondent did not obtain head office approval for the two private placements he had facilitated.

IV. Contraventions

38. During the period from January to February 2000, inclusive, the Respondent facilitated and solicited participation in the private placement of Finline units, such transactions being conducted off the book and without the knowledge of Berkshire thereby engaging in conduct unbecoming and detrimental to the public interest contrary to By-law 29.1

39. During the period from March to May 2000, inclusive, the Respondent facilitated and solicited participation in the Rights Offering of North American Detectors Inc, such transactions being conducted off the book and without the knowledge of Berkshire thereby engaging in conduct unbecoming and detrimental to the public interest contrary to By-Law 29.1.

40. In February 2000, the Respondent misrepresented H.N. Partnership as the principal purchaser and beneficial owner of the Finline securities in order to meet the prospectus exemption requirements set out in s. 72(1)(d) of the *Ontario Securities Act* and thereby engaged in conduct unbecoming and detrimental to the public interest contrary to By-law 29.1.

V. Admission of Contraventions and Future Compliance

41. The Respondent admits the contravention of the Statutes or Regulations thereto, By-laws, Regulations, Rulings or Policies of the Association noted in Section IV of this Settlement Agreement. In the future, the Respondent shall comply with these and all By-laws, Regulations, Rulings and Policies of the Association.

VI. Discipline Penalties

42. The Respondent accepts the imposition of discipline penalties by the Association pursuant to this Settlement Agreement as follows:

(a) A fine in the amount of ~~$40,000~~ [reduced to $25,000 by District Council]; and

(b) As a condition of his continued approval by the Association in any registered capacity with any Member of the Association, that he shall successfully re-write the examination based on the *Conduct and Practices Handbook for Securities Industry Professsionals*, within one (1) year of the effective date of the Settlement Agreement.

VII. Association Costs

43. The Respondent shall pay the Association's costs of this proceeding in the amount of $5,000payable to the Association within one (1) month of the effective date of this Settlement Agreement.

VIII. Effective Date

44. This Settlement Agreement shall become effective and binding upon the Respondent and Staff in accordance with its terms as of the date of:

(a) its acceptance; or

(b) the imposition of a lesser penalty or less onerous terms; or

(c) the imposition, with the consent of the Respondent, of a penalty or terms more onerous,

by the District Council.

IX. Waiver

45. If this Settlement Agreement becomes effective and binding, the Respondent hereby waives his right to a hearing under the Association By-laws in respect of the matters described herein and further waives any right of appeal or review which may be available under such By-laws or any applicable legislation.

X. Staff Commitment

46. If this Settlement Agreement becomes effective and binding, Staff will not proceed with disciplinary proceedings under Association By-laws in relation to the facts set out in Section III of the Settlement Agreement.

XI. Public Notice of Discipline Penalty

47. If this Settlement Agreement becomes effective and binding:

(a) the Respondent shall be deemed to have been penalized by the District Council for the purpose of giving written notice to the public thereof by publication in an Association Bulletin and by delivery of the notice to the media, the securities regulators and such other persons, organizations or corporations, as required by Association By-laws and any applicable Securities Commission requirements; and

(b) the Settlement Agreement and the Association Bulletin shall remain on file and shall be disclosed to members of the public upon request.

XII. Effect of Rejection of Settlement Agreement

48. 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 at the "City" of "Toronto", in the Province of Ontario, this "4th" day of "December" 2002.

"illegible"
Witness

"Jay Noronha"
Jay Noronha

AGREED TO by Staff at the City of Toronto, in the Province of Ontario, this "9th" day of "December", 2002.

"Elsa Renzella"
Elsa Renzella
Enforcement Counsel 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 "18th" day of "December", 2002.

Investment Dealers Association of Canada
(Ontario District Council)

Per: "Alvin Rosenberg"
Per: "David Kerr"
Per: "Michael Sharpe"

13.1.6 Request for Comments – POSIT Canada – Additional Match Time

REQUEST FOR COMMENTS
POSIT CANADA – ADDITIONAL MATCH TIME

On December 17, 2002 the Board of Directors of TSX Inc. ("TSX" or the "Exchange") approved amendments to the Rules of the Exchange to allow for an additional match to be conducted in POSIT™ Canada ("POSIT").

Currently, POSIT conducts matches twice daily at 10:30 a.m. and 2:30 p.m. The Exchange proposes to add a daily match to POSIT at 9:50 a.m. In order to implement changes to allow for an additional POSIT match, the Exchange proposes to introduce amendments to certain of the Rules of the Exchange as discussed herein. The text of the proposed amendments is set out in the Appendix attached hereto. 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 the 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

POSIT was introduced at the Exchange on April 5, 2002. POSIT is an electronic order-matching system that prices trades at the mid-point of the bid and ask prices in the continuous market. All Exchange listed securities are eligible to trade in POSIT. Participating Organizations of TSX and institutional investors can directly enter buy and sell orders in POSIT, including individual securities and portfolios.

Currently, POSIT matches are conducted twice daily at 10:30 a.m. and 2:30 p.m. Market participants have indicated that the additional 9:50 a.m. POSIT match time would be beneficial given that order demand is often greater around the time the markets open at the Exchange at 9:30 a.m.

To mitigate potential price manipulation, each POSIT match is run at a randomly selected time within a five-minute window immediately following the start of the match. In addition, Market Regulation Services Inc. ("RS") have adopted enhanced market surveillance tools in order to monitor the POSIT call market, including the development of a system that monitors potential quote manipulation in advance of POSIT calls. The random match time feature and RS' enhanced market surveillance tools will be utilized in connection with the proposed additional 9:50 a.m. POSIT match time.

Implementation

Implementation is anticipated for the 1st quarter, 2003.

Discussion of Proposed Amendments

The proposed amendment to Rule 4-106(1) of the Exchange in order to implement the additional POSIT match time is set out in the Appendix.

Public Interest Assessment

The Exchange believes that the proposed 9:50 a.m. match time will enhance the functionality of POSIT and provide an additional liquidity source to investors. The Exchange further believes that adding a third daily match time does not give rise to any market integrity issues. In the United States, POSIT matches are currently conducted eight times daily at 9:40 a.m., 10:00 a.m., 10:30 a.m., and hourly from 11:00 a.m. to 3:00 p.m. The Exchange will continue to monitor the trading activity and match results in POSIT on an ongoing basis in order that optimal POSIT match times are established.

Under the terms of the protocol between the Exchange and the Commission, the proposed amendments to the Rules of the Exchange are considered to be "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

THE RULES

OF

THE TORONTO STOCK EXCHANGE

The Rules of the Toronto Stock Exchange are hereby amended as follows:

1. Rule 4-106(1) shall be deleted and replaced with the following:

   Establishment of Times for POSIT Calls – Unless otherwise prescribed, a POSIT Call shall occur on each Trading Day at:

   (a) 9:50 a.m.

   (b) 10:30 a.m.

   (c) 2:30 p.m.

THIS RULE AMENDMENT MADE this 17th day of December, 2002, to be effective upon approval of the Ontario Securities Commission, following public notice and comment.

"Wayne Fox"
Wayne C. Fox, Chair

"Leonard Petrillo"
Leonard P. Petrillo, Secretary

Chapter 25

Other Information

25.1.1 Securities

RELEASE FROM ESCROW

COMPANY NAME	DATE	NUMBER AND TYPE OF SHARES	ADDITIONAL INFORMATION
VenCan Gold Corporation	December 17, 2002	132,840 common shares placed in escrow in 1987	
Viracocha Energy Inc.	December 12, 2002	400,000 Common Shares	For purposes of cancellation

25.2 Exemptions

25.2.1 Venture Partners Equity Fund Inc. and Venture Partners 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.

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 ("NI 81-105")

AND

IN THE MATTER OF
VENTURE PARTNERS EQUITY FUND INC. AND
VENTURE PARTNERS BALANCED FUND INC.

EXEMPTION
(Section 9.1)

UPON the application (the "Application") of Venture Partners Equity Fund Inc. (the "Equity Fund") and Venture Partners Balanced Fund Inc. (the "Balanced Fund") (the Equity Fund and the Balanced Fund are referred to collectively as the "Funds" and individually as the "Fund") filed with the Ontario Securities Commission (the "Decision Maker") for an exemption pursuant to section 9.1 of 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 Triax-Covington Corporation (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 has applied for registration as a labour sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario).

2. Each Fund is a mutual fund as defined in the *Securities Act* (Ontario). Each Fund has filed a preliminary prospectus dated November 1, 2002 (the "Preliminary Prospectus") in the Province of Ontario in connection with the proposed offering to the public of Class A shares in the capital of the Funds (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 (the "Class B Shares"), all of which issued and outstanding Class B Shares are owned by the Canadian Federal Pilots Association (the "Sponsor") as of the date hereof.

4. The Manager and the Sponsor formed and organized each of the Funds.

5. Each Fund proposes to pay directly to registered dealers certain costs associated with the distribution of its Class A Shares. These costs include a sales commission of 6% of the selling price for each relevant Class A Share subscribed for (the "Sales Commission").

6. 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.

7. All of the costs associated with the distribution of Class A Shares including, among other things, the Sales Commission and the Co-op Expenses are fully disclosed in the Preliminary Prospectus. The Sales Commission and the Co-op Expenses are collectively referred to as the "Distribution Costs".

8. For accounting purposes, the Funds will, as applicable:

   i) defer and amortize that amount paid or payable in respect of the Sales Commission to retained earnings on a straight line basis over eight years; and

   ii) expense the Co-op Expenses in the fiscal period when incurred and will not defer and amortize any Co-op Expenses.

9. The accounting treatment of the Sales Commission 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.

10. 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.

11. 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 Commission from the subscription price.

12. 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.

13. The Manager, or its affiliate, are the only members of the organization of the Funds, other than the Funds themselves, available to pay the Distribution Costs. Without the requested discretionary relief, the Manager would be obliged to finance the Distribution Costs through borrowing.

14. Any loans taken by the Manager to finance the Distribution Costs would result in an increased management fee chargeable to the applicable Fund of 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.

15. 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.

16. Each of the Funds undertakes 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 Funds' financial statements in the manner described in paragraph eight above;

c) the summary section of the final prospectus has full, true and plain disclosure explaining to investors that

   i) they pay the Sales Commission indirectly, as the Fund pays the Sales Commission using investors' subscription proceeds, and

   ii) a portion of the net asset value of the Fund is comprised of a deferred commission, rather than an investment asset, and

   this summary section must be placed within the first 10 pages of the final prospectus;

d) this Exemption shall cease to operative with respect to the Decision Maker on the date that a rule replacing or amending section 2.1 of NI 81-105 comes into force.

December 17, 2002.

"Mary Theresa McLeod" "Harold P. Hands"

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