The Ontario Securities Commission

OSC Bulletin

January 10, 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 10, 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
Suite 1700, Box 55
20 Queen Street West
Toronto, Ontario
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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 10, 2003 **Jack Banks A.K.A. Jacques Benquesus and Larry Weltman**

10:00 a.m.

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 Amendments to the Securities Act and Commodity Futures Act

NOTICE OF AMENDMENTS TO THE SECURITIES ACT AND COMMODITY FUTURES ACT

On December 9, 2002 the *Keeping the Promise for a Strong Economy Act (Budget Measures), 2002* (formerly Bill 198) received Royal Assent. The act contains amendments to the *Securities Act* and the *Commodity Futures Act* that are intended to bolster the protection of Ontario investors and improve investor confidence in the integrity of Ontario's capital markets. *The Securities Act* and *Commodity Futures Act* amendments are not yet in effect and will come into force on a day to be named by proclamation of the Lieutenant Governor.

Among the most significant changes being made to the *Securities Act* are amendments to:

- Enshrine in the legislation the concept of reviews of the continuous disclosure record of a reporting issuer.
- Increase the maximum penalties that can be imposed by the court for offences under section 122 of the *Securities Act* from a fine of $1 million and imprisonment for two years to a fine of $5 million and imprisonment for five years less a day.
- Create express prohibitions against securities fraud, market manipulation and making misleading or untrue statements.
- Give the Commission the power to impose an administrative fine of up to $1 million where there has been non-compliance with Ontario securities law.
- Give the Commission the power to order a person or company to disgorge amounts obtained as a result of non-compliance with Ontario securities law.
- Create a statutory right of action for investors in the secondary market to sue companies and other responsible persons for misrepresentations (written or oral) or a failure to make timely disclosure.
- Give the Commission rule making authority to require reporting issuers to appoint audit committees and to prescribe requirements relating to the functions and responsibilities of audit committees, including independence requirements.
- Give the Commission rule making authority to require reporting issuers to establish and maintain internal controls and disclosure controls and procedures and requiring chief executive officers and chief financial officers to provide certifications related to internal controls and to disclosure controls and procedures. The Commission's current rule making authority would permit it to address other aspects of the certification regime as appropriate.

Parallel amendments are also being made, where appropriate, to the *Commodity Futures Act*.

The relevant portions of the *Keeping the Promise for a Strong Economy Act (Budget Measures), 2002* were previously published by the Commission in the Bulletin on November 15, 2002[1] and may also be viewed on the Ontario Legislative Assembly's web site at www.ontla.on.ca and the Commission's web site at www.osc.gov.on.ca.

Questions may be referred to either of:

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[1] (2002) 25 OSCB 7697.

1.1.3 Notice of OSC By-law No.2

ONTARIO SECURITIES COMMISSION BY-LAW NO. 2

OSC By-law No. 2 is published in chapter 25 of today's Bulletin.

By-law No. 2 deals with conflicts of interest by Members and Staff of the Commission. The by-law came into force on January 18, 1998.

The by-law requires, in part, that Members and Staff annually provide to the Commission a portfolio statement containing a complete list of all securities they beneficially own except for those securities listed in Appendix "A" to the by-law, which have been designated exempt. The by-law also requires Members and Staff to report trades to the Commission, other than trades in those securities listed in Appendix "A", throughout the course of the year either directly or through each registrant with whom they have an account.

On November 26, 2002, the Board of the Commission designated certain additional securities exempt for the purposes of the by-law. These include open-end mutual funds, exchange-traded index participation units and securities bought or sold under an automatic share purchase plan or similar kind of automatic plan, provided that certain specified disclosures are made. The Board also deleted Toronto 35 Index Participation Units and TSE 100 Index Participation Units from the list of exempt securities because these investment products no longer exist. The complete list of securities designated exempt for purposes of the by-law is found in Appendix "A" to the by-law.

1.1.4 TSX Inc. – Notice of Market Making Reform

THE TORONTO STOCK EXCHANGE – MARKET MAKING REFORM

REQUEST FOR COMMENTS

A request for comments on amendments to certain Rules and Policies of the Exchange to implement reforms to the Exchange's current market making system is published in Chapter 13 of the Bulletin.

1.2 Notices of Hearing

1.2.1 Mark Edward Valentine - s. 127

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

AND

IN THE MATTER OF
MARK EDWARD VALENTINE

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Commission will hold a hearing pursuant to section 127 of the *Securities Act*, at the offices of the Ontario Securities Commission, 20 Queen Street West, 17th Floor Hearing Room on Thursday, January 30, 2003 at 10:00 a.m. or as soon thereafter as the hearing can be held:

TO CONSIDER whether, pursuant to section 127 of the Act, it is in the public interest for the Commission:

(a) If necessary, to extend the temporary order made July 8, 2002 ("the July Order) until the conclusion of this hearing pursuant to clause 7 of s. 127;

(b) at the conclusion of this hearing, to vary the July Order by removing the trading exemptions contained therein and extending the amended Order until July 31, 2003; and

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

BY REASON OF the allegations set out in the amended Statement of Allegations dated January 7, 2003 and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel at the hearing;

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

January 7, 2003.

"Rose Gomme"
For John Stevenson

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

AND

IN THE MATTER OF
MARK EDWARD VALENTINE

AMENDED STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION

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

Background

1. Mark Edward Valentine is the Chairman and largest shareholder of Thomson Kernaghan & Co. Ltd. ("TK") and resides in Toronto, Ontario. Valentine is a Registered Representative with the Investment Dealers' Association, and a Director and the designated Trading Officer for TK. On June 13, 2002, TK suspended Valentine and banned him from its premises.

2. TK is a corporation incorporated pursuant to the laws of Ontario and is registered with the Investment Dealers' Association as an Investment Dealer.

3. Valentine is the President, CEO, Director and shareholder of a private company VMH Management Ltd., the General Partner which manages Canadian Advantage Limited Partnership ("CALP"), a private fund. Advantage (Bermuda) Fund Ltd. ("CALP Offshore Fund") is a mutual fund company incorporated under the laws of Bermuda and CALP's corresponding offshore account.

4. Valentine is the President, Director and shareholder of a private company, VC Advantage Limited, the General Partner which manages VC Advantage Fund Limited Partnership ("VC Fund"), a private fund. VC's corresponding offshore account is VC Advantage (Bermuda) Fund Ltd. ("VC Offshore Fund").

5. Pursuant to written agreements, Valentine acting through his management companies was authorized to recommend, advise and enter into all investments on behalf of the funds and did so.

6. Valentine is the Registered Representative at TK for the funds, which are clients of TK. The majority of unitholders of the funds are other retail clients of TK.

7. Neither Valentine nor the management companies are registered with the Commission as Investment Counsel/Portfolio Manager.

8. Cameron Brett Chell is a known associate of Valentine. Chell is a shareholder and Chairman of the general partner for the VC fund, and owns and operates Chell Group Corporation. Among other things, Chell also co-founded Jawz Inc. ("JAWZ"), an internet-related company.

9. Chell was formerly a registered salesperson at McDermid St. Lawrence Securities Ltd. in Calgary, Alberta. In November 1998 Chell entered into a settlement agreement with the Alberta Stock Exchange admitting to violations of the General By-Law of the Exchange and agreeing to an order that he:

   i) be prohibited against Exchange approval in any capacity for five years;

   ii) be placed under strict supervision for a period of two years following re-registration in any capacity; and

   iii) be fined $25,000.

10. Chell is not currently a registrant of either the Alberta or the Ontario Commissions.

TK's Investigation

11. On March 28, 2002, Valentine conducted two series of transactions. Each series of transactions involved numerous trades and included trading in the funds' accounts, in his own accounts and in other TK client accounts. At the time, the funds were not permitted to acquire further securities pursuant to amending agreements.

12. On May 7, 2002, TK's Management Committee requested an explanation from Valentine about the trading in the funds and commenced an internal investigation.

13. On June 13, 2002, as a result of its internal investigation, TK took disciplinary actions against Valentine and suspended his employment. At that time, TK also took steps to exclude him from TK's premises.

14. On June 19 2002, TK delivered its Investigation Report to the IDA which reported on its findings into the impugned transactions.

15. TK's investigation found that the propriety of certain transactions were "questionable"; there was "inadequate documentation" for other transactions; Valentine had failed to provide any documents to support still other transactions; and "the rationale was not supportable" for one entire series of the two sets of transactions.

16. On June 19, 2002 TK took the remedial step of reversing the transactions made by Valentine on March 28, 2002.

The March 28, 2002, Transactions

a) The Chell Transaction

17. By early spring, 2002, the firms of TK and Research Capital had entered into serious negotiations concerning a potential sale of the majority of TK's accounts to Research Capital except Valentine's accounts and those directly associated with him. The negotiations contemplated that Valentine and his associates would continue to operate under the TK name.

18. TK's Risk Adjusted Capital was an important element in the proposed sale. In order to facilitate the sale, TK had stipulated that after March 31, 2002, the profits and liabilities of Valentine's inventory account at TK would change from being split 50/50 between Valentine and his partners, to the sole liability of Valentine.

19. On March 28, 2002, Valentine's pro account received 1,060,000 shares of Chell Group Corporation from the CALP fund without any cash payment by Valentine. Valentine claimed that the shares were to settle the repayment of US $1,060,000 supposedly owed by CALP to him personally.

20. Valentine's explanation for CALP's debt to him was that CALP borrowed US $360,000 from him in July 2001, and another US $700,000 in January 2002.

21. On March 28, 2002, after receiving the Chell shares from CALP, Valentine then made the following transactions:

   a) Valentine sold 1,000,000 Chell shares for $2 million to his inventory account;

   b) Valentine sold 375,000 Chell shares for $750,000 from his inventory account to VC fund;

   c) Valentine sold 375,000 Chell shares for $750,000 from his inventory account to VC Offshore fund;

   d) Valentine sold 250,000 Chell shares for $500,000 from his inventory account to another TK retail client;

   e) Of the $2 million proceeds in Valentine's pro account, Valentine transferred US $450,000 ($717,000) to his trader receivable account to reduce his receivables to TK;

f) The VC funds sold 200,000 shares at $2.09 on April 26, 2002;

g) There was a purported oral put agreement between Valentine and the VC funds at $2.20 to the extent of 250,000 shares per quarter commencing July 1, 2002. The put was supposedly to Valentine personally and guaranteed by his management companies, VMH and VC Advantage.

22. In its Report, TK found that the following discrepancies for the Chell transaction:

The results of the investigation have indicated that there is not adequate documentation to support the receivables allegedly owing from CALP to Valentine. The propriety of the advance of $360,000 from Valentine to CALP is questionable. Further Valentine has not provided any documentary support for an advance of an additional $700,000 to CALP on or before March 28, 2002.

23. TK reported that the impact of the Chell transactions affected TK's Risk Adjusted Capital by creating excess margin in Valentine's own accounts of $1,412,189, and by creating a margin requirement in the funds' accounts of $434,000. Further, the amount owing in Valentine's trader receivable account was decreased by $717,000 (US $450,000).

24. After TK's reversal of the Chell series of transactions, TK reported that the margin requirement on Valentine's accounts increased to $1,774,899, the amount owing in Valentine's trader receivable increased by $717,000 (US $450,000) and the net result in the funds' accounts was an excess margin of almost $2 million.

b) The IKAR Transaction

25. Valentine is the Registered Representative for Hammock Group Ltd., an offshore company based in Bermuda. According to SEC public filings, Valentine is the controlling shareholder of Hammock.

26. On March 28, 2002, the CALP funds paid $1.3 million to Hammock for a defunct debenture of an inactive company, IKAR Minerals. The 1998 debenture had expired in March, 2000.

27. At the May 7, 2002, TK Management Committee meeting, Valentine claimed that the rationale for the transaction was to settle a CALP debt owing to Hammock of $1,582,830. Valentine explained that this debt had been incurred as follows:

a) In July, 2001, Hammock paid CALP $537,068 for 652,573 shares of JAWZ at $0.823. JAWZ shares were then trading at $0.59. Valentine explained this step as Hammock helping the funds meet their margin requirements at TK. In consideration for its help, the funds guaranteed the JAWZ investment by promising that any losses Hammock may suffer from an eventual sale of JAWZ would be covered by the funds;

b) Over the next three weeks, Hammock sold the JAWZ shares at an average price of $0.218 generating a loss of $386,895.54 which Valentine claimed CALP owed pursuant to its "guarantee";

c) In a separate transaction, Valentine explained that CALP sold short 900,000 Global Path shares to Hammock at $1.33 for supposed net proceeds of $1,196,500. Valentine claimed that CALP made the short sale "believing that it was to receive Global Path shares as partial compensation for its JAWZ losses";

d) The funds were unable to deliver the Global Path shares and now were purportedly indebted to Hammock for total of $1,582,830 as a result of the JAWZ guarantee and the undeliverable Global Path shares;

e) "To allow Hammock to recoup the bulk of its out of pocket cost in supporting the funds", Valentine executed the following "solution";

i) Valentine's company, VMH was the owner of a defunct 1998 IKAR $1.3 million debenture which it gifted to Hammock, an offshore company of which Valentine is reported to be the controlling shareholder;

ii) Hammock in turn sold the expired debenture to CALP for $1.3 million as payment for the "debt" which CALP owed to Hammock as described above in sub-paragraph 27 a) to d);

iii) Valentine offered the following explanation of how the defunct debenture supposedly had value to the funds: IKAR's principal had recently promised Valentine to make up the $1.3 million loss by converting the IKAR debenture into debentures

of a new company, Patriot Energy Corporation. This promise was purportedly given because Valentine personally made a $250,000 private placement in Patriot Energy; and

iv) Valentine claimed that as a result, CALP was the beneficiary of a "gift" from him through VMH of the IKAR position.

28. In its Report, TK found that "the rationale for the transaction was not supportable". Specifically, TK found that:

a) Hammock did not purchase JAWZ shares from CALP but from Valentine's inventory account. Therefore CALP could not have guaranteed Hammock's JAWZ investment, and correspondingly was not liable for Hammock's $386,330.70 loss in the JAWZ investment;

b) CALP did not sell 900,000 Global Path to Hammock but rather sold 1,000,000 shares to Valentine's inventory account. The price and net proceeds of this transaction was not $1.33 and $1,196,500, respectively as Valentine claimed, but rather $0.65 and $635,000;

c) Therefore, TK found that the fund owed $635,000, not $1,196,500 as Valentine claimed, and these monies were owing to Valentine's inventory account, not to Hammock;

d) Hammock did not purchase 900,000 Global Path shares at $1.33 from CALP as Valentine claimed but rather from Valentine's inventory account, and the price and proceeds were not $1.33 and $1,196,500 respectively but rather $1.05 and $945,000;

e) Therefore, TK found that Hammock was owed only $945,000, not $1,196,500 as Valentine claimed, and Valentine's inventory was liable, not the funds; and

f) The IKAR debenture was not converted into Patriot Energy securities.

The IDA Investigation

29. Staff of the IDA are conducting an investigation into the affairs of Valentine, including the two March 28, 2002 series of transactions.

30. The IDA has not received satisfactory information to justify or support either the Chell or the IKAR transactions.

The "Death Spiral" Financing of Jawz Inc.

31. In or about mid-2000, Valentine, acting through his company VMH, caused the funds to enter into a financing transaction with Jawz Inc. Jawz is a company co-founded by Chell, a business associate of Valentine and a shareholder and the Chairman of VC Advantage, the general partner for the VC funds. Jawz traded on NASDAQ as JAWZ.

32. For its investment, the funds acquired floorless warrants to purchase shares of JAWZ whereby the funds could receive increasing numbers of JAWZ shares as the price declined. This type of financing creates a strong incentive for the holder funds to sell securities short in a relatively illiquid market, which is often referred to as "death spiral" or "toxic financing".

33. After Valentine caused the funds to acquire the warrants, TK's research department issued a "buy" recommendation for JAWZ in November, 2000. TK did not disclose to all its clients the fact that JAWZ had entered into this kind of financing, that the warrants were held by another TK client, or that the Chairman of TK was the General Partner of the holder of the "death spiral" warrants.

C Me Run Corp

34. C Me Run is a company founded by Cameron Chell and quoted on the Over the Counter Bulletin Board in the United States as CMER.

35. Valentine was the Registered Representative for certain offshore accounts, including Ashland Resources which is based in Bermuda, the beneficial owner of which is unknown. Paul Lemmon of Bermuda has trading authority for the Ashland Resources account, who is the same individual at the same address with trading authority over the Hammock account, also an offshore company based in Bermuda. According to SEC filings, Valentine is the controlling shareholder of Hammock.

36. Staff has made a preliminary analysis of Valentine's trades in C Me Run. In 2000, the funds were a net buyer of C Me Run shares and the other side of the trades was made by the offshore accounts, including Ashland Resources so that in 2000, Ashland was a net seller. The net effect of the funds' numerous trades of C Me Run was a loss of almost $4.5 million, while the net effect for Ashland Resources was a trading profit of almost $6.4 million.

Valentine's Breach of the Commission's Temporary Cease Trade Order made July 8, 2002

37. On June 17, 2002, the Commission issued a Temporary Order in this matter pursuant to section 127(1) of the Act. This order suspended Valentine's registration under Ontario securities law and ordered him to cease trading in securities until the later of fifteen days or the conclusion of a hearing under s. 127(6) of the *Act*.

38. On June 24, 2002, Staff issued a Notice of Hearing and Statement of Allegations in this matter.

39. On July 8, 2002, the Commission issued a further Temporary Order in this matter pursuant to section 127(7) of the *Act* (the "July Order"), which extended the original Temporary Order until January 31, 2003. The July Order suspended Valentine's registration, removed his exemptions under the *Act* and required him to cease trading in securities with the exception that he was permitted to trade in certain securities for his own account if:

    (a) the securities were securities referred to in clause 1 of subsection 35(2) of the *Act*; or

    (b) the securities were listed an posted for trading on the Toronto Stock Exchange or New York Stock Exchange; and

    (c) the respondent did not, either directly or indirectly, own more than one percent of the outstanding securities of the issuer.

40. In the period between July 25, 2002 and August 16, 2002, Valentine traded in securities not exempted in the July Order. Specifically, between July 26, 2002 and August 16, 2002, the respondent opened an account at Refco Futures (Canada) Ltd., in Toronto, Ontario and traded in futures contracts listed on the Chicago Mercantile Exchange.

41. On August 16, 2002, after it was publicly reported that Valentine had been arrested in Germany by the Federal Bureau of Investigation in the United States, authorities at Refco advised Staff of the Commission of the existence of Valentine's account at Refco and he ceased trading in the account.

Conduct Contrary to the Public Interest

42. Valentine's conduct was contrary to the public interest for the reasons set out below.

43. Valentine created a culture of conflict and non-compliance at TK and breached Ontario Securities laws in respect of the Chell transaction by:

a) Valentine played multiple roles as the General Partner of the funds, Registered Representative of the funds, Chairman and controlling shareholder of TK and on his personal behalf in his pro and inventory accounts at TK;

b) Valentine failed to deal fairly, honestly and in good faith with his clients when he put his own interests ahead of his clients, contrary to section 2.1(2) of OSC Rule 31-505, by:

    i) transferring shares from client accounts into his pro account without supportable consideration;

    ii) causing one client to transfer shares to himself at US $1 and immediately thereafter selling those shares to his inventory account for $2 (without a put agreement oral or otherwise);

    iii) causing other clients to immediately buy those shares from his inventory account at US $2;

    iv) in the face of a purported oral put agreement at $2.20 on July 1, 2002 in favour of his client guaranteed by his companies, causing that client to sell shares at $2.09 on April 26,2002.

    v) orchestrating a transaction which had a substantial benefit to TK's Risk Adjusted Capital and his own accounts and corresponding detrimental effect to his clients' accounts;

    vi) The effect of the Chell transaction caused:

    - a margin requirement in his clients' accounts of $434,000
    - excess margin in his own accounts of $1,412,189
    - reduction in his trader receivables to TK of $717,000.

c) Valentine conducted transactions which were not prudent business practices and which did not serve his clients adequately

contrary to section 1.2 of OSC Rule 31-501 by:

i) purportedly entering into loans with his own clients;

ii) transferring shares from client's accounts into his pro account without supportable consideration;

iii) causing other clients to buy shares from himself purportedly pursuant to a put agreement not made in writing; and

iv) unnecessarily creating a margin requirement in his clients' accounts;

d) Neither Valentine nor the funds are registered as an Investment Counsel/Portfolio Manager, contrary to s. 199. 2 and 3 of Ont. Reg. 1015; and

e) Valentine failed to maintain books and records necessary to record properly the business transactions and financial affairs which he carried out, contrary to s. 113.(1) of Ont. Reg. 1015.

44. Valentine created a culture of conflict and non-compliance and breached Ontario Securities laws in respect of the IKAR transaction by:

a) Valentine played multiple roles as the General Partner of the funds, Registered Representative of the funds, Chairman and controlling shareholder of TK, Registered Representative of another client Hammock, and controlling shareholder of Hammock;

b) Valentine failed to deal fairly, honestly and in good faith with his client, contrary to section 1.2 of OSC Rule 31-501 by;

i) causing his client to guarantee an investment made by another client thereby placing one client's interest over another's;

ii) causing his client to guarantee an investment made by a company of which he is a controlling shareholder, thereby putting his own interests ahead of his client's;

iii) causing his client to short sell shares to his inventory account when he knew or ought to have known the shares were not deliverable thereby putting his own interests ahead of his clients;

iv) causing his client to pay valuable consideration for a worthless security to another client, thereby placing one client's interest over another's; and

v) causing his client to pay valuable consideration for a worthless security to a company of which he is the controlling shareholder, thereby placing his own interest ahead his client's.

c) Valentine carried out transactions that were not prudent business practices and did not serve his client adequately contrary to section 1.2 of OSC Rule 31-501 by:

i) causing one client to guarantee an investment made by another client;

ii) causing his client to guarantee an investment made by a company of which he is the controlling shareholder;

iii) causing his client to sell short shares when he knew or ought to have that the securities would not be delivered;

iv) causing his client to give valuable consideration for a worthless security to another client; and

v) causing his client to give valuable consideration for a worthless security to a company of which he is the controlling shareholder.

d) When, as Valentine claimed, CALP agreed to make up any losses suffered by Hammock between the purchase price Hammock paid to CALP for JAWZ and the eventual price on Hammock's disposition of JAWZ, Valentine made representations that CALP would refund Hammock all or any of the purchase price of a security contrary to s. 38(1) of the Act;

e) Neither Valentine nor the funds are registered as an Investment

Counsel/Portfolio Manager, contrary to s. 199. 2 and 3 of Ont. Reg. 1015; and

f) Valentine failed to maintain books and records necessary to record properly the business transactions and financial affairs which he carried out, contrary to s. 113.(1) of Ont. Reg. 1015.

45. Valentine created a culture of conflict and non-compliance and breached Ontario Securities laws in respect of the JAWZ transaction in the following ways:

a) Valentine filled multiple roles as the Registered Representative of the funds, President and shareholder of the funds' General Partner, and Chairman and controlling shareholder of TK;

b) As a Registrant and as Chairman of TK, Valentine failed to deal fairly, honestly and in good faith with clients contrary to section 2.1 of OSC Rule 31-501 by:

i) motivating some TK clients to short sell JAWZ as a result of "death spiral financing" which he arranged, and motivating other TK clients to buy JAWZ as a result of TK's "buy" recommendation;

ii) failing to disclose to all TK clients that JAWZ had recently received "death spiral financing";

iii) failing to disclose to all TK clients that JAWZ had recently received "death spiral financing" from another TK client; and

iv) failing to disclose to all TK clients that the Chairman of the TK was the General Partner for the holder of JAWZ' "death spiral financing".

c) As a Registrant and as the Chairman of TK, Valentine engaged in business practices that were not prudent and did not serve clients adequately as set out above in sub-paragraphs 45 (b)(i) to (iv), contrary to section 1.2 of OSC Rule 31-505.

46. Valentine created a culture of conflict and non-compliance and breached Ontario securities laws in respect of the C Me Run transactions in the following ways:

a) Valentine filled multiple roles as the Registered Representative of the funds, President and shareholder of the funds' General Partner, and Chairman and controlling shareholder of TK, and Registered Representative of offshore accounts including Ashland Resources; and

b) As a Registrant and as Chairman of TK, Valentine failed to deal fairly, honestly and in good faith with clients contrary to section 2.1 of OSC Rule 31-501 by carrying out trading that placed one client's interest over another's.

47. Valentine acted contrary to the public interest and contravened Ontario securities law in that he breached the terms of the July 2002 Temporary Cease Order contrary to s. 122(1)(c) of the Act.

48. Such additional allegations as Staff may advise and the Commission may permit.

January 7, 2003.

1.3 News Releases

1.3.1 OSC Sets New Hearing Date in the Matter of Mark Edward Valentine, Alleges that he Breached Cease Trade Order

FOR IMMEDIATE RELEASE
January 7, 2002

OSC SETS NEW HEARING DATE IN THE MATTER OF MARK EDWARD VALENTINE, ALLEGES THAT HE BREACHED CEASE TRADE ORDER

TORONTO – The Ontario Securities Commission has issued a further Notice of Hearing and an amended Statement of Allegations against Mark Edward Valentine. Valentine was the Chairman of Thomson Kernaghan & Co. Ltd., which is now in bankruptcy.

On June 17, 2002 the Commission issued a temporary order prohibiting Valentine from trading in securities with certain exemptions and suspending his registration under Ontario securities law. On July 8, 2002, the Commission extended the temporary order until at least January 31, 2003 to allow Staff to continue its investigation into the matters raised in the Statement of Allegations.

A hearing will be held on Thursday, January 30, 2003, to consider whether the temporary order should be further extended. Staff of the Commission are requesting that the order be extended to July 31, 2003, in order to permit them to continue and complete their investigation.

In addition, new allegations have been added to the Statement of Allegations which allege that Valentine has breached the existing cease trade order by trading in futures contracts listed on the Chicago Mercantile Exchange. Staff allege that this violation occurred shortly after the Commission hearing in July, 2002. As a result, Staff of the Commission are requesting that Valentine not be granted any of the trading exemptions which were provided in the original July cease trading order.

Copies of the Notice of Hearing and amended Statement of Allegations are available on the Commission's website at **www.osc.gov.on.ca**.

For Media Inquiries: Frank Switzer
Director, Communications
416-593-8120

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 MT Services Limited Partnership - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications. Exemptive relief granted from registration and prospectus requirements for issuance by MT Services Limited Partnership of limited partnership units to partnership trusts, subject to certain conditions. Partnership trusts are trusts settled by active partners, who are lawyers, patent agents, trademark agents, or senior officers employed by or who provide services directly or through corporations to the law partnership. Similar relief was previously granted by the Commission in 1997.

Statutes Cited

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

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

AND

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

AND

IN THE MATTER OF
MT SERVICES LIMITED PARTNERSHIP

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta and Ontario (collectively, the "Jurisdictions") has received an application from MT Services Limited Partnership (the "Applicant") for a decision under the securities legislation of each of the Jurisdictions (the "Legislation") that the issuance by the Applicant of limited partnership interests (the "Units") to certain trusts ("Partnership Trusts") settled under the laws of the Jurisdictions by Active Partners (as such term is defined below) shall not be subject to the dealer registration and prospectus requirements contained in the Legislation (the "Registration and Prospectus Requirements"), subject to certain conditions;

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

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 – Definitions;

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

1. Each of the Applicant, the London McTét Services Limited Partnership, the Ottawa McTét Services Limited Partnership, the Hallmark Management Services Limited Partnership and the Calgary MT Services Limited Partnership (each, a "Service Partnership" and, together, the "Services Partnerships") is a limited partnership established under the laws of Ontario, British Columbia or Alberta, respectively, in 1997 for the primary purpose of providing secretarial, accounting, administrative, financial and other services for the Toronto, London, Ottawa, Vancouver, and Calgary offices of McCarthy Tétrault LLP (the "Law Partnership"). These services are provided pursuant to services agreements entered into between each of the Service Partnerships with the Law Partnership.

2. The Law Partnership is a limited liability partnership of lawyers established under the laws of Ontario with offices in London (Ontario), Ottawa, Toronto, Vancouver, Calgary, Montreal, Quebec City, London (England), and New York.

3. "Active Partners" are lawyers, patent agents, trademark agents, or senior officers who are employed by or who provide services directly or through corporations to the Law Partnership. All Active Partners devote over 75% of their time to the Law Partnership.

4. Partnership Trusts are trusts settled under the laws of the Jurisdictions by Active Partners. Partnership Trusts are settled for the benefit, directly or indirectly, of persons, including members of the family of the Active Partner and, in certain circumstances, for the benefit of the Active Partner.

5. Partnership Trusts were created in 1997 so that Active Partners could benefit from certain tax advantages by flowing the income earned through to the Partnership Trusts. Each Partnership Trust

has been or will be settled by an Active Partner for the purpose of acquiring Units.

6. The minimum amount that an Active Partner may contribute to a Partnership Trust is $1,000, and the maximum amount is $10,000.

7. Effective January 1, 2003 the Applicant will acquire the other Services Partnerships to form the "National Services Partnership". The National Services Partnership will provide secretarial, accounting, administrative, financial and other services for all offices of the Law Partnership, and not solely for the Toronto office as is presently the case.

8. The limited partnership interest of each Partnership Trust in each of the Services Partnerships (and, beginning on January 1, 2003, the National Services Partnership) is a "Unit". Each of the Services Partnerships issues Units to Partnership Trusts settled by Active Partners.

9. Partnership Trusts hold the Units for the benefit of the beneficiaries of the trust. For some Active Partners, a beneficiary of a Partnership Trust may be another trust or trusts (the "Family Trust"), of which the beneficiaries include or may include such family members of the Active Partner or the Active Partner him or herself.

10. No beneficiary of a Family Trust, other than the Active Partner, will directly or indirectly contribute money or other assets to the Family Trust in order to finance the acquisition of Units, or will be liable for any loan or other financing obtained by the Family Trust for that purpose. No beneficiary of a Family Trust, other than the Active Partner and any other beneficiary who is also a trustee, will be involved in the making of any investment decision of the Family Trust.

11. Active Partners have not been and will not be induced to settle Partnership Trusts for the purpose of acquiring and holding Units by expectation of partnership or continued partnership or employment or continued employment of the Active Partner by the Law Partnership. Each Active Partner has made an individual choice to settle a Partnership Trust.

12. Under the terms of the National Services Partnership limited partnership agreement, Units of the National Services Partnership will be automatically redeemed by the National Services Partnership if the Active Partner who has settled the Partnership Trust ceases to be an Active Partner of the Law Partnership resident in Canada, at a redemption price equal to the contributed capital thereof. In addition, the holder of a redeemed Unit will be entitled to receive the amount of any distributions owing or accrued in respect of such Unit as of the date of such redemption.

13. Units are not transferable except that Units may be charged or pledged as security for any obligation incurred by the Partnership Trust in order to finance or refinance any capital contribution required to be made to the National Services Partnership. If the pledgee of a Unit realizes on such security, under the terms of the limited partnership agreement, the Unit will be automatically redeemed by the National Services Partnership at the redemption price referred to in paragraph 12, together with the amount of any distributions owing or accrued in respect of such Unit as of the date of such redemption.

14. Each Partnership Trust is or will be a discretionary trust with three trustees, one of whom is or will be the Active Partner who settled the Partnership Trust.

15. None of the Services Partnerships is a reporting issuer in any province or territory of Canada and none of the Services Partnerships has any present intention of becoming a reporting issuer in any province or territory of Canada.

16. The general partner of each Services Partnership is a corporation incorporated under the laws of Ontario, British Columbia or Alberta, respectively, and the interest of each general partner in its related Services Partnership is nominal.

17. The National Services Partnership will provide annual financial statements of the National Services Partnership to each Partnership Trust.

18. The Active Partners are provided with monthly financial information and with annual financial statements (which are the subject of a review engagement report) with respect to the Services Partnership in which they are limited partners (beginning January 1, 2003, this will be the National Services Partnership). Each Active Partner is also provided with detailed memoranda regarding the Partnership Trusts, particularly the tax risks associated with the use of such structures. All Active Partners are and will continue to be provided with the same amount and quality of information relating to the Partnership Trusts.

19. Prior to the issuance of Units to a Partnership Trust, the Applicant will obtain a written statement (a "Statement") from the Partnership Trust acknowledging receipt of a copy of the Decision Document and further acknowledging the subscriber's understanding that certain protections under the Legislation, including the right of rescission, the right to make claims for damages and to receive continuous disclosure, are not

available to the Partnership Trust in respect of the Units.

20. As the Units are not transferable, no market has developed or will develop for the Units.

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

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

THE DECISION of the Decision Makers under the Legislation is that the distribution by the Applicant of Units to each of the Partnership Trusts shall not be subject to the Registration and Prospectus Requirements, provided that:

(a) the first trade in a Unit, other than a redemption of a Unit by the Applicant in accordance with its terms, shall be a distribution; and

(b) prior to the issuance of Units to a Partnership Trust, the Applicant:

(i) delivers a copy of this Decision Document to the Partnership Trust, and

(ii) obtain a Statement from the Partnership Trust.

December 31, 2002.

"Mary Theresa McLeod" "Harold P. Hands"

2.1.2 Teck Cominco Metals Ltd. and Teck Cominco Limited - MRRS Decision

Headnote

MRRS – Commission grants relief to a subsidiary of a reporting issuer from filing and sending to shareholders audited annual and unaudited interim financial statements, and complying with proxy and proxy solicitation requirements, including filing an information circular or report in lieu thereof, subject to certain conditions. Director grants exemption from the annual information form requirements imposed under the securities legislation of Ontario, Saskatchewan and Quebec.

Applicable Ontario Statutory Provisions

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

Applicable Ontario Rules

Rule 51-501 – AIF and MD&A.
Rule 52-501 – Financial Statements.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, SASKATCHEWAN, 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
TECK COMINCO METALS LTD.

AND

IN THE MATTER OF
TECK COMINCO LIMITED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "**Decision Maker**") in each of Ontario, Alberta, Saskatchewan, Québec, Nova Scotia, and Newfoundland and Labrador (collectively, the "**Jurisdictions**") has received an application from Teck Cominco Metals Ltd. (formerly, Cominco Ltd.) ("**Cominco**") and Teck Cominco Limited ("**Teck**") for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that the requirements under the Legislation:

(i) to file with the Decision Makers and send to its shareholders audited annual financial statements and annual reports

(the "**Annual Financial Statement Requirements**");

(ii) to file with the Decision Makers and send to its shareholders unaudited interim financial statements (the "**Interim Financial Statement Requirements**");

(iii) to comply with the proxy and proxy solicitation requirements, including filing with the Decision Makers an information circular or report in lieu thereof (the "**Proxy Requirements**");

(iv) that, under Ontario Securities Commission Rule 51-501 AIF and MD&A, section 159 of the regulation to the Securities Act (Quebec) and Saskatchewan Securities Commission Instrument 51-501, Cominco file with the applicable Decision Makers an annual information form (the "**Annual Information Form Requirement**");

shall not apply to Cominco, subject to the conditions set forth in paragraphs (a), (b), (c), (d), (e), (f), and (g), below;

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 Cominco and Teck have represented to the Decision Makers that:

1. Cominco is an integrated natural resource company with a head office located in Vancouver, British Columbia.

2. Cominco has been a reporting issuer in each of the Jurisdictions for a number of years.

3. The authorized share capital of Cominco consists of an unlimited number of common and preferred shares, of which 86,434,805 common shares ("**Common Shares**"), 790,000 Redeemable Preferred Shares, Series E (the "**Series E Shares**"), 550,000 Redeemable Preferred Shares, Series F (the "**Series F Shares**") and 300 Deferred Preferred Shares, Series H (the "**Series H Shares**") were issued and outstanding as of **August 9, 2001**. In addition, a total of U.S.$150,000,000 principal amount of 6 7/8% Debentures due February 15, 2006 (the "**U.S. Bonds**") and U.S.$28,000,000 of medium term notes due 2002 to 2003 (the "**Notes**") are issued and outstanding.

4. Pursuant to a merger agreement dated April 29, 2001, Teck agreed to acquire all of the Common Shares of Cominco by way of a plan of arrangement (the "**Arrangement**") under the *Canada Business Corporations Act*. The Arrangement became effective on July 20, 2001 and Teck now owns, directly or indirectly, all of the issued and outstanding Common Shares of Cominco.

5. Teck is a reporting issuer under the Legislation in each of the Jurisdictions.

6. Effective July 23, 2001, the Common Shares of Cominco were delisted from the Toronto Stock Exchange (the "**TSX**") and the American Stock Exchange ("**AMEX**") and the name of Cominco Ltd. was changed to "Teck Cominco Metals Ltd." In addition, subsequent to the Arrangement, Cominco ceased to be a reporting issuer in the Province of British Columbia.

7. As of August 28, 2002, the total number of registered holders of the Common Shares, Series E Shares, Series F Shares, Series H Shares, U.S. Bonds and Notes was 8.

8. The Series E Shares and Series F Shares are each owned by a single government entity. These shares entitle the holders, in certain circumstances, to dividends and to payments on redemption. The entitlements are based solely on a rate of return index governed by world prices for lead and silver. The shares do not entitle the holders to vote or participate in a liquidation or winding up of Cominco except to the extent that such holders would be entitled to receive repayment of the purchase price of such shares.

9. The 300 Series H Shares outstanding were issued as part of an issue of 3,000,000 such shares. In 1992, Cominco purchased the bulk of such shares for cancellation and subsequently issued a notice of redemption for the balance. The 300 Series H Shares which remain outstanding represent shares held by two holders who, to date, have not tendered certificates representing such shares for cancellation against payment of the redemption price.

10. Teck is the sole beneficial shareholder of all of the issued and outstanding Common Shares and the Common Shares have been de-listed from the TSX and AMEX, leaving no need to inform holders of Common Shares about the business and financial situation of Cominco.

11. The holders of Series E Shares and Series F Shares do not require the annual and interim financial statements, annual reports, proxy documentation, and annual information form as the economic benefits they receive from such shares are linked to world lead and silver prices and the requirements of this Decision will ensure that such holders have access to a sufficient amount of information about Cominco.

12. The holders of Series H Shares do not require the annual and interim financial statements, annual reports, proxy documentation, and annual information form because their interest is limited to receiving the redemption amounts payable under the notice of redemption previously delivered by Cominco and the requirements of this Decision will ensure that such holders have access to a sufficient amount of information about Cominco.

13. The only information holders of the U.S. Bonds and the Notes require regarding Cominco will be provided through material change reports and related press releases and segmented financial disclosure in respect of Cominco contained in the audited annual and unaudited interim financial statements of Teck to be filed in accordance with this Decision.

14. Pursuant to a supplemental indenture dated as of August 19, 2002, Teck has unconditionally guaranteed payment of all amounts owing by Cominco to holders of the U.S. Bonds and the Notes.

15. Other than the Common Shares, Series E Shares, Series F Shares, Series H Shares, U.S. Bonds and the Notes, Cominco has no securities, including debt securities, outstanding.

16. Cominco does not intend to seek public financing by way of offering its securities.

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

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

THE DECISION of the Decision Makers under the Legislation is that the Annual Financial Statement Requirements, the Interim Financial Statement Requirements and the Proxy Requirements shall not apply to Cominco, provided that:

(a) Teck continues to unconditionally guarantee payment of all amounts owing by Cominco to holders of the U.S. Bonds and Notes;

(b) Teck remains a reporting issuer under the Legislation in each of the Jurisdictions and maintains direct or indirect ownership of 100% of the outstanding Common Shares;

(c) Cominco does not issue additional securities to those currently issued and outstanding, other than to Teck or to wholly-owned subsidiaries of Teck;

(d) neither Teck nor any wholly-owned subsidiary of Teck transfers any securities of Cominco to any person or company other than Teck or a wholly-owned subsidiary of Teck;

(e) Cominco files annual comparative audited financial statements of Teck which contain a comparative audited summary of Cominco's financial results for its most recently completed financial year and the financial year immediately preceding such financial year including the following line items:

(i) revenue;

(ii) operating expense;

(iii) operating profit;

(iv) other expenses;

(v) earnings before taxes and minority interests;

(vi) net earnings;

(vii) current assets;

(viii) non-current assets;

(ix) current liabilities;

(x) long-term liabilities; and

(xi) other non-current liabilities;

(f) Cominco files interim comparative financial statements of Teck which contain a comparative summary of Cominco's financial results for its most recently completed interim period and the comparative interim period for the previous financial year that includes the following line items:

(i) revenue;

(ii) operating expense;

(iii) operating profit;

(iv) other expenses;

(v) earnings before taxes and minority interests;

(vi) net earnings;

(vii) current assets;

(viii) non-current assets;

(ix) current liabilities;

(x) long-term liabilities; and

(xi) other non-current liabilities; and

(g) such filings are to be made within the time limits required by the Legislation

December 20, 2002.

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

THE FURTHER DECISION of the securities regulatory authority or securities regulator in each of Ontario, Quebec and Saskatchewan is that the Annual Information Form Requirement shall not apply to Cominco, so long as the Cominco and Teck comply with all of the requirements of the Decision above.

December 20, 2002.

"John Hughes"

2.1.3 Skyjack Inc. - MRRS Decision

Headnote

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

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

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF
SKYJACK INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Skyjack Inc. (the "Issuer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the Issuer be deemed to cease to be a reporting issuer under the Legislation;

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

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

1. The Issuer is a corporation governed by the *Business Corporations Act* (Ontario) (the "OBCA") with its registered office located at 55 Campbell Road, Guelph, Ontario, N1H 1B9.

2. The Issuer has been a reporting issuer since its initial public offering in May 1994.

3. The common shares of the Issuer were listed on the Toronto Stock Exchange (the "TSX").

However, the Issuer has been de-listed from the TSX effective as of the close of business on October 10, 2002.

4. The Issuer is a reporting issuer in all of the provinces of Canada and is not on the list of reporting issuers that are noted in default.

5. The Issuer's authorized capital consists of an unlimited number of common shares and an unlimited number of redeemable preference shares.

6. By take-over bid circular dated July 5, 2002 and as extended by notices dated August 12, 2002 and August 27, 2002, 2011978 Ontario Inc. ("2011978"), a wholly-owned subsidiary of Linamar Corporation ("Linamar"), made an offer (the "Offer") to acquire the outstanding common shares of the Issuer not previously owned by Linamar and its affiliates and associates for $2.13 cash per common share.

7. Pursuant to the Offer, 2011978 acquired approximately 54% of the Issuer's common shares not previously owned by Linamar and its affiliates and associates which, together with the common shares held by Linamar, represented approximately 75.49% of the outstanding common shares.

8. Following the Offer and pursuant to the compulsory acquisition provisions of the OBCA, the Issuer's shareholders approved the amalgamation of the Issuer and 2013594 Ontario Inc. ("2013594"), a wholly-owned subsidiary of 2011978, and articles of amalgamation were filed on October 1, 2002.

9. Upon the amalgamation, all of the outstanding common shares of the Issuer (excluding those held by 2013594 and dissenting shareholders) were converted into redeemable preferred shares which were subsequently redeemed by the Issuer on October 3, 2002 for $2.13 cash per share.

10. All equity securities of the Issuer are owned by Linamar (directly or indirectly through its subsidiaries).

11. The Issuer has no debt securities outstanding, other than loan facilities provided by arm's- length third party creditors and subordinated debt provided by Linamar.

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

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

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

THE DECISION OF the Decision Makers under the Legislation is that the Issuer is deemed to have ceased to be a reporting issuer under the Legislation;

December 19, 2002.

"Iva Vranic"

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

December 19, 2002.

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

2.1.4 HireDesk Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from the registration and prospectus requirements for distributions of call options by investors, and distribution of securities on exercise of the call options – relief from the take-over bid requirements for the exercise of the call options.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74(1), and 104(2)(c).

Instrument Cited

Multilateral Instrument 45–102 – Resale of Securities.

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

AND

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

AND

IN THE MATTER OF
HIREDESK INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta and Ontario (the "Jurisdictions") has received an application from HireDesk Inc. ("HireDesk") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

1. the dealer registration requirement and prospectus requirement in the Legislation (the "Registration and Prospectus Requirements") do not apply to:

   (a) the distribution of the Call Option (defined below) by the limited partners (the "Partners") of HireDesk Limited Partnership (the "Partnership") to HireDesk;

   (b) the distribution of Exchanged Shares (defined below) as consideration or partial consideration for the acquisition of Units (defined below) of the Partnership on the exercise of the Call Option; or

   (c) the distribution of Units by the Partners to HireDesk on the exercise of the Call Option by HireDesk;

   (collectively, the "Non-Exempt Trades"); and

2. the requirements in the Legislation relating to take-over bids (collectively the "Take-Over Bid Requirements") do not apply to the acquisition of Units by HireDesk on the exercise of the Call Option;

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

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

AND WHEREAS HireDesk has represented to the Decision Makers that:

1. HireDesk is a corporation continued under the *Canada Business Corporations Act* and extra-provincially registered in British Columbia;

2. HireDesk's head office is located in British Columbia;

3. HireDesk is in the business of providing recruiting software solutions to professional recruiters, corporate recruiters, human resource system vendors and job boards;

4. the authorized capital of HireDesk consists of an unlimited number of common shares, of which 7,554,960 common shares are issued and outstanding;

5. HireDesk is not, and has no current intention to become, a reporting issuer or the equivalent in any jurisdiction in Canada;

6. the Partnership is a limited partnership created on May 16, 2002 under the *Partnership Act* (British Columbia) to provide executive management services to others for fees;

7. the Partnership currently provides executive management services to HireDesk in the conduct of its business, including finance and accounting services, human resources management and recruitment, strategic planning, product strategies, technical support services, marketing support services and other support services;

8. HireDesk is the general partner of the Partnership and manages the business and affairs of the Partnership;

9. the Partnership is authorized to issue an unlimited number of limited partnership units (the "Units"), of which one unit is issued and outstanding;

10. each Unit represents an equal interest in the Partnership, and is transferable only with the written consent of the general partner, HireDesk, and in accordance with the Legislation;

11. the Partnership has obtained a tax shelter identification number under the Income Tax Act (Canada) and its is expected that the holders of the Units will be able to realize certain income tax deductions as a result of operating losses expected to be incurred by the Partnership during the development of the Partnership's executive management services business;

12. the Partnership is not, and has no current intention to become, a reporting issuer or the equivalent in any jurisdiction;

13. the Partnership intends to offer a maximum of 2,500,000 and a minimum of 800,000 Units (the "Offering") at a price of $1.00 per Unit under exemptions from the Registration and Prospectus Requirements in each of the Jurisdictions, with the proceeds of the Offering to be used to develop the Partnership's executive management service business;

14. all subscribers for Units under the Offering will purchase under the registration and prospectus exemptions contained in the Legislation applicable to purchases of securities made by "accredited investors" in Ontario, Alberta and British Columbia or under the "offering memorandum exemption" in Alberta and British Columbia, and, prior to the purchase of the Units, subscribers will receive an offering memorandum containing the information required by Form 45-103F1 regarding the Partnership and its business, as well as information relating to HireDesk and its business that would have been required had HireDesk been the issuer of Units;

15. in connection with each subscription agreement for Units, each subscriber of Units will grant to HireDesk an option (the "Call Option") to purchase all, but not less than all, of the Units;

16. HireDesk will have the right, but not the obligation, to exercise the Call Option at any time during the period commencing on January 1, 2004 and ending April 30, 2004 (the "Call Period");

17. in the event that HireDesk undergoes a 'change of control' prior to the Call Period, HireDesk may exercise the Call Option for 45 days after the change of control (the "Accelerated Call Period");

18. the purchase price payable for each Unit acquired on the exercise of the Call Option by HireDesk will be as follows:

    (a) if the Call Option is exercised during the Call Period, at the option of HireDesk, either the issuance of one common share of HireDesk (an "Exchanged Share"), subject to adjustment in certain circumstances, or the payment of $3.00 cash; or

    (b) if the Call Option is exercise during the Accelerated Call Period, $2.00 per Unit;

19. until the Call Options are exercised or expire, HireDesk will send each holder of a Unit all disclosure material furnished to holders of HireDesk's common shares, including, but not limited to, copies of its annual report, interim financial statements and all proxy solicitation materials;

20. HireDesk cannot rely on the registration and prospectus exemptions in the Legislation relating to the issuance of securities on the exercise of a right to purchase or otherwise acquire securities in accordance with the terms and conditions of a previously issued security of the issuer to issue the Exchanged Shares to the Partners on the exercise of the Call Option because the Units and the Call Option are not securities of HireDesk's own issue;

21. in the event that HireDesk exercises the Call Option and offers to acquire at least 20% of the outstanding Units or where the number of Units to be acquired by HireDesk on the exercise of the Call Option when combined with the number of Units then held by HireDesk would represent at least 20% of the outstanding Units, such exercise of the Call Option would constitute a take-over bid for the Units for the purposes of the Legislation requiring compliance with the Take-Over Bid Requirements;

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 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:

1. the Registration and Prospectus Requirements do not apply to the Non-Exempt Trades provided that the first trade in a Call Option, an Exchanged Share or a Unit is deemed to be a distribution

unless the conditions in section 2.5(3) of MI 45-102 *Resale of Securities* are satisfied; and

2. the Take-Over Bid Requirements do not apply to the acquisition of Units by HireDesk on the exercise of the Call Option.

December 20, 2002.

"Brenda Leong"

2.1.5 CI Mutual Funds Inc. - MRRS Decision

Headnote

Exemptions from the mutual fund self-dealing prohibitions of clauses 111(2)(a), and 111(3) of the Securities Act (Ontario). Mutual funds allowed to make purchases and sales of securities of Sun Life Financial Services of Canada Inc, a related company to the manager of the mutual funds, and to retain those securities provided that a fund governance mechanism is used to oversee the holdings, purchases or sales of these securities for the mutual funds and to ensure that such holdings, purchases or sales have been made free from any influence by Sun Life Financial Services of Canada Inc and without taking into account any consideration relevant to the Sun Life Financial Services of Canada Inc.

Statutes Cited

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

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, BRITISH COLUMBIA, ALBERTA,
SASKATCHEWAN, 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
CI MUTUAL FUNDS INC.

AND

BPI AMERICAN EQUITY FUND
BPI AMERICAN EQUITY SECTOR FUND
BPI GLOBAL EQUITY FUND
BPI GLOBAL EQUITY SECTOR FUND
BPI INTERNATIONAL EQUITY FUND
BPI INTERNATIONAL EQUITY SECTOR FUND
CI AMERICAN GROWTH FUND
CI AMERICAN MANAGERS SECTOR FUND
CI AMERICAN SMALL COMPANIES FUND
CI AMERICAN SMALL COMPANIES SECTOR FUND
CI AMERICAN VALUE FUND
CI AMERICAN VALUE SECTOR FUND
CI ASIAN DYNASTY FUND
CI CANADIAN EQUITY FUND
CI CANADIAN INVESTMENT FUND
CI CANADIAN SMALL CAP FUND
CI CANADIAN STOCK FUND
CI EMERGING MARKETS FUND
CI EMERGING MARKETS SECTOR FUND
CI EUROPEAN FUND
CI EUROPEAN SECTOR FUND

CI EUROPEAN GROWTH FUND
CI GLOBAL BIOTECHNOLOGY SECTOR FUND
CI GLOBAL CONSUMER PRODUCTS SECTOR FUND
CI GLOBAL ENERGY SECTOR FUND
CI GLOBAL FINANCIAL SERVICES SECTOR FUND
CI GLOBAL FUND
CI GLOBAL SECTOR FUND
CI GLOBAL HEALTH SCIENCES SECTOR FUND
CI GLOBAL MANAGERS™ SECTOR FUND
CI GLOBAL SMALL COMPANIES FUND
CI GLOBAL SMALL COMPANIES SECTOR FUND
CI GLOBAL TECHNOLOGY SECTOR FUND
CI GLOBAL TELECOMMUNICATIONS SECTOR FUND
CI GLOBAL VALUE FUND
CI GLOBAL VALUE SECTOR FUND
CI INTERNATIONAL FUND
CI INTERNATIONAL SECTOR FUND
CI INTERNATIONAL VALUE FUND
CI INTERNATIONAL VALUE SECTOR FUND
CI JAPANESE SECTOR FUND
CI PACIFIC FUND
CI PACIFIC SECTOR FUND
CI TACTONICS FUND
CI VALUE TRUST SECTOR FUND
CI WORLD EQUITY FUND
HARBOUR FUND
HARBOUR SECTOR FUND
HARBOUR FOREIGN EQUITY SECTOR FUND
LANDMARK AMERICAN FUND
LANDMARK AMERICAN SECTOR FUND
LANDMARK CANADIAN FUND
LANDMARK CANADIAN SECTOR FUND
LANDMARK GLOBAL SECTOR FUND
SIGNATURE CANADIAN RESOURCE FUND
SIGNATURE CANADIAN RESOURCE SECTOR FUND
SIGNATURE EXPLORER FUND
SIGNATURE EXPLORER SECTOR FUND
SIGNATURE SELECT CANADIAN FUND
SIGNATURE SELECT CANADIAN SECTOR FUND
CI CANADIAN ASSET ALLOCATION FUND
CI DIVERSIFIED FUND
CI GLOBAL BOOMERNOMICS® SECTOR FUND
CI INTERNATIONAL BALANCED FUND
CI INTERNATIONAL BALANCED SECTORFUND
HARBOUR GROWTH & INCOME FUND
SIGNATURE CANADIAN BALANCED FUND
SIGNATURE CANADIAN INCOME FUND
CI CANADIAN BOND FUND
CI CANADIAN BOND SECTOR FUND
CI DIVIDEND FUND
CI GLOBAL BOND FUND
CI GLOBAL BOND SECTOR FUND
CI INTERNATIONAL BOND RSP FUND
CI SHORT-TERM BOND FUND
CI MID-TERM BOND FUND
CI LONG-TERM BOND FUND
SIGNATURE DIVIDEND FUND
SIGNATURE DIVIDEND SECTOR FUND
SIGNATURE DIVIDEND INCOME FUND
SIGNATURE HIGH INCOME FUND
SIGNATURE HIGH INCOME SECTOR FUND
INSIGHT CANADIAN VALUE POOL
INSIGHT CANADIAN GROWTH POOL
INSIGHT CANADIAN DIVIDEND GROWTH POOL
INSIGHT CANADIAN SMALL CAP POOL
INSIGHT U.S. VALUE POOL
INSIGHT U.S. GROWTH POOL
INSIGHT INTERNATIONAL VALUE POOL
INSIGHT INTERNATIONAL GROWTH POOL
INSIGHT GLOBAL EQUITY POOL
INSIGHT GLOBAL SMALL CAP POOL
INSIGHT CANADIAN HIGH YIELD INCOME POOL
INSIGHT CANADIAN FIXED INCOME POOL
INSIGHT GLOBAL FIXED INCOME POOL
CLARICA CONSERVATIVE BALANCED FUND
CLARICA HIGH YIELD BOND FUND
CLARICA BALANCED FUND
CLARICA CANADIAN LARGE CAP VALUE FUND
CLARICA GLOBAL LARGE CAP VALUE FUND
CLARICA GLOBAL SCIENCE & TECHNOLOGY FUND
CLARICA SHORT TERM BOND FUND
CLARICA PREMIER MORTGAGE FUND
CLARICA INCOME FUND
CLARICA PREMIER BOND FUND
CLARICA SUMMIT GROWTH AND INCOME FUND
CLARICA GLOBAL BOND FUND
CLARICA CANADIAN GROWTH EQUITY FUND
CLARICA GROWTH FUND
CLARICA CANADIAN BLUE CHIP FUND
CLARICA CANADIAN DIVERSIFIED FUND
CLARICA SUMMIT CANADIAN EQUITY FUND
CLARICA SUMMIT DIVIDEND GROWTH FUND
CLARICA PREMIER AMERICAN FUND
CLARICA SUMMIT FOREIGN EQUITY FUND
CLARICA US GROWTH EQUITY FUND
CLARICA PREMIER INTERNATIONAL FUND
CLARICA ALPINE GROWTH EQUITY FUND
CLARICA CANADIAN SMALL/MID CAP FUND
CLARICA US SMALL CAP FUND
CLARICA EUROPEAN EQUITY FUND
CLARICA ALPINE ASIAN FUND
CLARICA ASIA AND PACIFIC RIM EQUITY FUND
CLARICA PREMIER EMERGING MARKETS FUND
CLARICA ALPINE CANADIAN RESOURCES FUND
CLARICA BOND FUND
CLARICA DIVERSIFUND 40
CLARICA EQUIFUND
CLARICA AMERIFUND
(the "Current Funds")

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "**Decision Maker**") in each of Ontario, British Columbia, Alberta, Saskatchewan, Nova Scotia and Newfoundland and Labrador (the "**Jurisdictions**") has received an application from CI Mutual Funds Inc. (the "Filer"), in respect of the Current Funds together with such other mutual funds for which the Filer hereafter becomes the manager (individually a "**Fund**" and collectively the "**Funds**"), for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that the provisions contained in the Legislation prohibiting a mutual fund from knowingly making or holding an investment in any person or company who is a substantial security holder of the mutual fund, its management

company or distribution company shall not apply to investments made by the Funds in the securities of Sun Life Financial Services of Canada Inc. ("SLFS");

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

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

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

1. The Filer is a corporation amalgamated under the laws of Ontario and is or will be the manager of each Fund. The Filer's registered office is located in Ontario.

2. Each Fund is or will be either an open-end mutual fund trust established under the laws of Ontario or a class of shares of a mutual fund corporation incorporated under the laws of Ontario.

3. At the time a Fund invests in securities of SLFS, that Fund is or will be a reporting issuer under the securities legislation in all the Jurisdictions.

4. The Filer is a wholly-owned subsidiary of CI Fund Management Inc. ("**CIX**"). CIX is a corporation incorporated under the laws of Ontario. CIX is a reporting issuer under the securities legislation in all the provinces of Canada and the common shares of CIX are listed and posted for trading on The Toronto Stock Exchange.

5. Sun Life Assurance Company of Canada ("**Sun Life**") and Clarica Life Insurance Company ("**Clarica**") are wholly-owned subsidiaries of SLFS.

6. On July 25, 2002, CIX completed a transaction with Sun Life, Clarica and others pursuant to which CIX acquired, among other assets, all of the issued and outstanding shares of Clarica Diversico Ltd. (a wholly-owned subsidiary of Clarica) and Spectrum Investment Management Limited (a wholly-owned subsidiary of Sun Life) (the "**Transaction**"). In return, CIX issued, in aggregate, approximately 71 million common shares to Clarica and Sun Life. Pursuant to the Legislation, all such shares are deemed to be owned by SLFS with the result that, as of the date hereof, SLFS (through Sun Life and Clarica) indirectly owns approximately 31.6% of the issued and outstanding common shares of CIX.

7. SLFS is a "substantial security holder" of the Filer because it is deemed to own more than 20% of the voting securities of the Filer. The Legislation prohibits each Fund from knowingly making or holding an investment in SLFS because it is a substantial security holder of the Filer.

8. The Filer believes that it would be in the best interests of investors of the Funds to be permitted to invest in securities of SLFS, in keeping with the investment objectives of the Funds, up to the limit allowed by applicable Legislation.

9. The Filer will establish an independent review committee (the "IRC"), comprised entirely of individuals who are wholly independent of the Filer and SLFS, to oversee the holdings, purchases or sales of securities of SLFS for the Funds.

10. The IRC shall review the holdings, purchases or sales of securities of SLFS to ensure that they have been made free from any influence by SLFS and without taking into account any consideration relevant to SLFS.

11. The IRC will take into consideration the best interests of securityholders of the Funds and no other factors.

12. It is currently anticipated that the members of the IRC will be comprised exclusively of members of the Board of Governors of the CI Mutual Funds that: (a) fulfill the conditions for independence stipulated in paragraph 2(b) below, and (b) are not directors, officers, employees or associates of the Filer, SLFS, any portfolio manager of the Funds, or any associate or affiliate of the Filer, SLFS or any such portfolio manager (other than acting as directors of a mutual fund corporation).

13. The independent members of the Board of Governors currently are paid a fixed annual fee which is allocated to all mutual funds under the Filer's management, generally pro rata based upon their relative net asset values. There is no intention to pay the members of the IRC any compensation in addition to their usual compensation as members of the Board of Governors.

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:

1. the provisions contained in the Legislation prohibiting a mutual fund from knowingly making or holding an investment in any person or company who is a substantial security holder of

the mutual fund, its management company or distribution company shall not apply to investments made by the Funds in securities of SLFS; and

2. this Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with mutual fund governance in a manner that conflicts with or makes inapplicable any provision of this Decision;

PROVIDED THAT:

(a) The Filer has appointed the IRC to review the Funds' purchases, sales and continued holdings of securities of SLFS;

(b) the IRC has at least three members, none of whom is an associate or employee of (i) the Filer or SLFS, (ii) any portfolio manager of the Funds; or (iii) any associate or affiliate of the Filer or SLFS or the portfolio managers of the Funds;

(c) the IRC has a written mandate describing its duties and standard of care which, as a minimum, sets out the conditions of this Decision;

(d) the members of the IRC exercise their powers and discharge their duties honestly, in good faith and in the best interests of investors in the Funds and, in doing so, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

(e) none of the Funds relieves the members of the IRC from liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph (d) above;

(f) none of the Funds indemnifies the members of the IRC against legal fees, judgments and amounts paid in settlement as a result of a breach of the standard of care set out in paragraph (d) above;

(g) none of the Funds incurs the cost of any portion of liability insurance that insures a member of the IRC for a liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph (d) above;

(h) the cost of any indemnification or insurance coverage paid for by the Filer, any portfolio manager of the Funds, or any associate or affiliate of the Filer or the portfolio managers of the Funds to indemnify or insure the members of the IRC in respect of a loss that arises out of a failure to satisfy the standard of care set out in paragraph (d) above is not paid either directly or indirectly by the Funds;

(i) the IRC reviews the Funds' purchases, sales and continued holdings of securities of SLFS on a regular basis, but not less frequently than every three months;

(j) the IRC forms the opinion at any time, after reasonable inquiry, that the decisions made on behalf of each Fund by the Filer or the Fund's portfolio manager to purchase, sell or continue to hold securities of SLFS were and continue to be in the best interests of the Fund, and:

(i) represent the business judgement of the Filer or the Fund's portfolio manager, uninfluenced by considerations other than the best interests of the Fund;

(ii) have been made free from any influence by SLFS and without taking into account any consideration relevant to SLFS; and

(iii) do not exceed the limitations of the applicable legislation;

(k) the determination made by the IRC pursuant to paragraph (j) above is included in detailed written minutes provided to the Filer not less frequently than every three months;

(l) the reports required to be filed pursuant to the Legislation with respect to every purchase and sale of securities of SLFS are filed on SEDAR in respect of the relevant Fund;

(m) the IRC advises the Decision Makers in writing of:

(i) any determination by it that the condition set out in paragraph (j) has not been satisfied with respect to any purchase, sale or holding of securities of SLFS;

(ii) any determination by it that any other condition of this Decision has not been satisfied;

(iii) any action it has taken or proposes to take following the determinations referred to above; and

(iv) any action taken, or proposed to be taken, by the Filer or a portfolio manager of the Funds in response to the determinations referred to above; and

(n) the existence, purpose, duties and obligations of the IRC, the names of its members, whether and how they are compensated by the Funds, and the fact that they meet the requirements of the condition set out in paragraph (b) are disclosed:

(i) in a press release issued, and a material change report filed, prior to reliance on the Decision;

(ii) in item 12 of Part A of the simplified prospectus of the Funds; and

(iii) on the Filer's internet website.

December 24, 2002.

"Robert W. Korthals" "Theresa McLeod"

2.1.6 Cartier Mutual Fund Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Extension of mutual fund lapse date.

Statutes Cited

Securities Act, R.S.O., 1990 c. S.5, as amended, ss. 62(5).

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

AND

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

AND

IN THE MATTER OF
CARTIER MULTIMANAGEMENT PORTFOLIO

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of Quebec, British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Cartier Mutual Fund Inc. (the "Manager"), Cartier Multimanagement Portfolio (the "Fund") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the lapse date for the renewal of the simplified prospectus and annual information form of the securities of the Funds (the "Prospectus") be extended to those time limits that would be applicable if the lapse date of the Prospectus was February 25, 2003 and March 17, 2003 in New-Brunswick.(with a receipt required by March 17, 2003);

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

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

(a) The Manager is a corporation incorporated under the laws of Canada. The Manager is the trustee and manager of the Fund.

(b) The Fund is an open-ended mutual fund trusts established under the laws of Quebec.

(c) The Funds is a reporting issuer under the Legislation and are not in default of any requirements of the Legislation or the regulations made thereunder.

(d) Pursuant to the Legislation or the regulations made thereunder, the lapse date (the "Lapse Date") for distribution of securities of the Fund is January 24, 2003 and a receipt is required by February 13, 2003.

(e) Since January 24, 2002, the date of the Prospectus, no material change has occurred and no amendments have been made to the Prospectus. Accordingly, the Prospectus represents up to date information regarding the Fund offered therein. The extension requested will not affect the currency of the information contained in the Prospectus of the Fund.

(f) In order to allow the consolidation of the Fund's disclosure documents with the disclosure documents of other funds managed by Cartier including funds in which the Fund invests, the Manager has requested an extension of the Lapse Date to February 25, 2003 and March 17, 2003 in New-Brunswick.(with a receipt required by March 17, 2003).

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

AND WHEREAS each of the Decision Makers are 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 time limits provided by Legislation as they apply to a distribution of securities under a prospectus are hereby extended to the time limits that would be applicable if the Lapse Date for the distribution of securities under the Prospectus of the Funds was February 25, 2003 (March 17, 2003 in New-Brunswick) and that the offering of securities of the Funds may continue provided a pro forma simplified prospectus and annual information form are filed 30 days prior to February 25, 2003, a final simplified prospectus and annual information form are filed no later than 10 days after February 25, 2003 and receipts for the simplified prospectus and annual information form are obtained no later than 20 days after February 25, 2003.

December 23, 2002.

"Josée Deslauriers"

2.1.7 Telco Split Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Reporting issuer deemed to have ceased to be a reporting issuer – only one security holder remaining.

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

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 6(3) and 83.

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

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

AND

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

AND

IN THE MATTER OF
TELCO SPLIT CORP.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the Jurisdictions) has received an application from Telco Split Corp. (the Issuer) for:

(i) a decision under the securities legislation of the Jurisdictions (the Legislation) that the Issuer be deemed to have ceased to be a reporting issuer under the Legislation;

(ii) in Ontario only, an order under the *Business Corporations Act* (Ontario) (the OBCA) that the Issuer be deemed to have ceased to be offering its securities to the public;

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

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

1. The Issuer is a corporation governed by the *Business Corporations Act* (Ontario) (the OBCA) with its registered office located at 40 King Street West, 26th Floor, Scotia Plaza, Toronto, Ontario, M5W 2X6.

2. The Issuer has been a reporting issuer since the initial public offerings of its capital shares (the Capital Shares) and its preferred shares (the Preferred Shares) in August 1997.

3. The Capital Shares and the Preferred Shares of the Issuer were listed on the Toronto Stock Exchange (the TSX). However, the Issuer was de-listed from the TSX effective as of the close of business on August 30, 2002.

4. No securities of the Issuer are listed or quoted on any market exchange.

5. The Issuer is a reporting issuer in all of the provinces of Canada and is not on the list of reporting issuers that are noted in default.

6. The Issuer's authorized capital consists of an unlimited number of Capital Shares, an unlimited number of Preferred Shares and an unlimited number of class A shares (the Class A Shares).

7. All of the issued and outstanding Capital Shares and Preferred Shares were redeemed by the Issuer on August 30, 2002, in accordance with their terms.

8. There are currently only 100 Class A Shares issued and outstanding, all of which are owned by Telco Split Holdings Corp., the Issuer's only remaining shareholder. The Class A Shares are not publicly traded.

9. The Issuer has no other securities, including debt securities, outstanding.

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

11. To the best of the Issuer's knowledge, the Issuer is not in default of any requirements of the Legislation

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

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

THE DECISION OF the Decision Makers under the Legislation is that the Issuer is deemed to have ceased to be a reporting issuer under the Legislation;

January 2, 2003.

"John Hughes"

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

January 2, 2003.

"Robert W. Korthals" "H. Lorne Morphy"

2.1.8 Woodview Corporation - MRRS Decision

Headnote

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

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

Applicable Ontario Statutory Provisions

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

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO AND ALBERTA

AND

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

AND

IN THE MATTER OF
WOODVIEW CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario and Alberta (the "Jurisdictions") has received an application from Woodview Corporation ("Woodview") for:

(i) a decision under the securities legislation of the Jurisdictions (the "Legislation") that Woodview be deemed to have ceased to be a reporting issuer under the Legislation; and

(ii) in Ontario only, an order pursuant to the *Business Corporations Act* (Ontario) (the "OBCA") that Woodview be deemed to have ceased to be offering its securities to the public.

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 Woodview has represented to the Decision Makers that:

1. Woodview Corporation ("Old Woodview") was incorporated under the OBCA on June 1, 1984 under the name Cindy Mae Resources Inc.

2. Old Woodview became a reporting issuer in the Jurisdictions on June 6, 1984.

3. Effective July 27, 1995, Old Woodview acquired 100% of Woodview Products Inc. ("Woodview Products"). Woodview Products is in the business of manufacturing and designing innovative products primarily for the automotive industry.

4. Woodview's head office is located in Mississauga, Ontario.

5. Woodview is not in default of any of the requirements of the Legislation.

6. Woodview's authorized capital consists of an unlimited number of common shares ("Woodview Common Shares"), an unlimited number of Series A preferred shares ("Woodview Series A Shares") and an unlimited number of Series B preferred shares ("Woodview Series B Shares").

7. Woodview was formed as a result of the amalgamation (the "Amalgamation") of Old Woodview and Woodview Acquisition Corp. ("Newco") pursuant to an amalgamation agreement dated May 1, 2002. Newco was an entity controlled by the members of Old Woodview's management group (the "Management Group").

8. Prior to the Amalgamation, the holders of the common shares of Old Woodview ("Old Woodview Common Shares") were the members of the Management Group, employees of Old Woodview and members of the public (the "Public Shareholders");

9. The Management Group consists of three individuals resident in Ontario.

10. The Amalgamation was completed on August 1, 2002 and it effected a going private transaction of Old Woodview. At the time of the Amalgamation, the Old Woodview Common Shares were listed and posted for trading on the TSX Venture Exchange (the "Exchange") under the stock symbol "YWV".

11. The Old Woodview Common Shares were delisted from the Exchange effective as of the close of business on July 31, 2002.

12. Upon the Amalgamation becoming effective:

    (a) the Public Shareholders received Woodview Series A Shares in exchange for their Old Woodview Common Shares on a one-for-one share basis;

    (b) the Management Group received Woodview Series A Shares in exchange for Old Woodview Common Shares held in their RRSP's and Woodview Series B Shares for their Old Woodview Common Shares held outside their RRSP's;

    (c) the Woodview Series A Shares were redeemed for $0.15 per share; and

    (d) the common shares of Newco were exchanged for Woodview Common Shares on a one-for-one basis.

13. The redemption proceeds payable for the Woodview Series A Shares were funded from cash flow from Old Woodview's operations and from secured loan advances provided by certain arm's length parties (the "Loan Advances").

14. The Management Group holds all of the Woodview Series B Shares and Woodview Common Shares. Therefore, the Management Group is the sole beneficial owner of Woodview.

15. Other than the Woodview Series B Shares, the Woodview Common Shares and the Loan Advances, no other securities, including debt securities, are outstanding.

16. No securities of Woodview are listed or quoted on any exchange or market.

17. Woodview does not intend to seek public financing by way of an offering of its securities.

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

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

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

December 19, 2002.

"John Hughes"

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

December 19, 2002.

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

2.1.9 Computershare Limited - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

Ontario Rules

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

Applicable Instruments

Multilateral Instrument 45-102 Resale of Securities.

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

AND

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

AND

IN THE MATTER OF
COMPUTERSHARE LIMITED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (collectively, the "Decision Makers") in each of British Columbia, Alberta, Manitoba, Ontario, Quebec and Nova Scotia (collectively, the "Jurisdictions") has received an application from Computershare Limited (the "Applicant") for a decision pursuant to the securities legislation in the Jurisdictions (collectively, the "Legislation") that the decision (the "Original Decision") dated November 8, 2002 in favour of the Applicant be varied so that: (i) the requirement to be registered to trade in a security contained in the Legislation (the "Registration Requirements") and the requirement to file and obtain a receipt for a preliminary prospectus and a prospectus contained in the Legislation (the "Prospectus Requirements") shall not apply to certain trades and distributions of American Depositary Receipts ("ADRs") and shares in the common stock of the Applicant (the "Common Shares") made to the employees and employee executives of Computershare Trust Company of Canada ("CTCC") and all other Canadian subsidiaries and affiliates of the Applicant (together, the "Canadian Affiliates") in connection with the Applicant's Employee Stock Purchase Plan (the "Plan"); and (ii) the Registration Requirements shall not apply to first trades of ADRs and Common Shares acquired by employees and employee executives of the Canadian Affiliates under the Plan executed on an exchange or market, or made to a company, outside of Canada;

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

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

1. The Applicant is a company incorporated under the laws of the State of Victoria, Australia. The Applicant intends to make the employees and employee executives of the Canadian Affiliates eligible to participate in the Plan.

2. As of June 30, 2002, approximately 554,326,613 Common Shares were issued and outstanding. The authorized capital of the Applicant includes Common Shares and reset convertible preference shares.

3. The Applicant is not, and has no present intention of becoming, a reporting issuer or the equivalent under the Act or under the applicable securities legislation of any of the other Jurisdictions.

4. The Applicant is a reporting company with the relevant securities commission in Australia. The Applicant is current with its reporting obligations under the relevant legislation of this jurisdiction.

5. Neither the Common Shares nor any other securities of the Applicant are listed or posted for trading on any stock exchange or over-the-counter market in Canada. The Common Shares are listed and posted for trading on the Australian Stock Exchange (the "ASX") and the New Zealand Stock Exchange. The Applicant is current in all applicable filing and reporting obligations as required by these exchanges.

6. The Plan is intended to advance the interests of the Applicant and its stockholders by encouraging certain eligible employees and employee executives of the Canadian Affiliates to either acquire a proprietary interest or increase their proprietary interest in the Applicant and to otherwise benefit from the success of the Applicant.

7. CTCC (the "Administrator") shall have full power and authority to administer the Plan including arranging trade instructions regarding Common Shares on the sale of ADRs.

8. Under the Plan, certain employees and employee executives of the Canadian Affiliates (the "Participants") may purchase through payroll deductions (the "Participant Contribution") Common Shares, on the ASX through an Australian registered broker. Such Common Shares are to be exchanged into ADRs as soon as reasonably practicable after the purchase. The Applicant will match the purchase by the Participants (the "Employer Contribution") as more fully described in paragraph 12.

9. The Plan contemplates that Participants may purchase Common Shares on the first Business Day of each three-month period which begins on the first day of each calendar quarter (an "Offering Period"), in which the Plan is in effect. The Participant may participate in the Plan, in any given calendar year, in an amount not less than 1% and not more than 15% (as may be amended by the Administrator from time to time) of the Participant's annual base salary.

10. On the date that Common Shares are acquired on the ASX for each applicable Offering Period (the "Purchase Date"), the cash balance in each Participant's account held by the Administrator shall be applied to the purchase Common Shares on the ASX by an Australian registered broker on behalf of the Participants and registered in the name of CTCNY or its nominee.

11. All trades to Participants of Common Shares acquired in the open market will be effected through an Australian registered broker. The initial broker currently selected by the Applicant is E-Trade Australia Securities Ltd. ("E-Trade"). However, E-Trade will not be used for issuances or trades of Common Shares issued from treasury or ADRs under the Plan. Also, in the future a different Australian or other foreign registered broker (the "Broker") may be used.

12. The Applicant will, effective as of the first anniversary of each Purchase Date (the "Anniversary Date"), issue to each Participant from treasury such number of Common Shares equal to the number of Common Shares purchased with each Participant Contribution on such Purchase Date and still held in each Participant's account with the Administrator as of the Anniversary Date. Such Common Shares will also be exchanged into ADRs as soon as reasonably practicable after such Anniversary Date.

13. During any calendar year, a Participant shall not be issued Common Shares pursuant to the Employer Contribution component of the Plan where the aggregate book value of Common Shares already issued to the Participant under the Employer Contribution during such calendar year is equal to Aus $3,000.

14. The Common Shares purchased on the ASX with the Participant Contributions and the Common Shares issued from treasury as Employer Contributions shall be held in a separate account of CTCNY with Computershare Clearing Pty Limited ("CCPL"), as custodian.

15. CTCNY will issue ADRs to Participants in exchange for the number of Common Shares held by CTCNY on behalf of a Participant as soon as practicable after the Purchase Date or Anniversary Date, as applicable, and shall be recorded in the Participant's account with the Administrator as of the applicable Purchase Date or Anniversary Date.

16. A Participant may withdraw some or all of his or her holdings from the Plan at any time. The Participant shall indicate to CTCNY the number of ADRs to be withdrawn from the Plan and the manner in which the corresponding Common Shares will be dealt.

17. The Participant may request that the Common Shares represented by such withdrawn ADRs be:

    (a) sold on the ASX, in which case the sale proceeds converted into Canadian currency, less any conversion and any commissions and processing fees, shall be forwarded to the Participant as soon as practicable after such sale; or

    (b) be transferred into such Participant's personal securities account in accordance with the instructions provided on the withdrawal instructions.

18. All dividends received in respect of the Common Shares held by the Administrator for a Participant shall be allocated to his or her Participant account with the Administrator and used to purchase additional Common Shares for the Participant in accordance with section 9 above (the "Dividend Reinvestment").

19. A Participant shall have the right to vote or direct the Administrator, as agent for the Participant, as to the voting of any Common Shares registered in the name of CTCNY and held by CCPL, as custodian on behalf of the Participant.

20. Any Common Shares and ADRs acquired under the Plan are non-transferable, except in accordance with the withdrawal and termination provisions of the Plan, and any rights attaching thereto may only be exercised by a Participant.

21. Participation in the Plan is voluntary and Participants are not induced to participate in the Plan by expectation of employment or continued employment.

22. No expenditure for distribution or promotion, other than the professional fees and remuneration paid to a broker, have been or will be made in respect of the Plan.

23. The resale of Common Shares by Participants in connection with the Plan will be effected through E-Trade or the Broker and executed through the facilities of the exchanges listed in paragraph 5 or another exchange outside Canada. As such, these trades will be subject to the regulations and requirements of both the relevant exchange and securities legislation.

24. The Canadian Affiliates, CTCNY, E-Trade and the Broker will not offer any advice to the Participants regarding the decision to acquire, hold or sell the ADRs or Common Shares under the Plan.

25. Participants resident in the Jurisdictions will be provided with the same level of disclosure in respect of the Plans as is provided to all other Participants and, upon becoming a shareholder of the Applicant, Participants resident in the Jurisdictions will be provided with the same disclosure material relating to the Applicant that is provided to all other holders of Common Shares. Participants residing in Québec shall also receive a French language document that complies with local requirements.

26. As of the date of this Application, residents of Canada hold less than 10% of the issued and outstanding Common Shares, and residents of Canada represented in number less than 10% of the total number of holders of the issued and outstanding Common Shares.

27. If, at any time during the currency of the Plan, Canadian resident shareholders of the Applicant hold, in aggregate, greater than 10% of the total number of issued and outstanding Common Shares or if such shareholders constitute more than 10% of all shareholders of the Applicant, the Applicant will apply to the relevant Jurisdiction for an order with respect to further trades to any by the Canadian resident shareholders in that Jurisdiction in respect of Common Shares acquired under the Plan.

28. As of the date of this Application, the Applicant and its Canadian Affiliates had in total approximately 986 eligible employees and employee executives resident in Canada, of which approximately 136 reside in Alberta, 92 reside in British Columbia, 8 reside in Nova Scotia, 3 reside in Manitoba, 417 reside in Ontario and 330 reside in Québec.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Original Decision be varied so that:

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

(ii) the Registration Requirement shall not apply to the first trade in ADRs acquired by Participants under the Plan pursuant to this Decision provided that the first trade of the ADRs is to CTCNY; and

(iii) the Registration Requirement shall not apply to the first trade in Common Shares acquired by a Participant under the Plan made through E-Trade or the Broker provided that the first trade is executed through the facilities of a stock exchange or organized market outside Canada.

January 3, 2003.

"Robert W. Korthals" "Theresa McLeod"

2.1.10 Elliott & Page Limited - MRRS Decision

Headnote

Exemptions from the mutual fund self-dealing prohibitions of clauses 111(2)(a), 111(3) and 118(2)(a) of the Securities Act (Ontario). Mutual funds allowed to make purchases and sales of the securities of Manulife Financial Corporation and in certain circumstances SEAMARK Asset Management Inc. related companies of the manager and advisors of the mutual funds, and to retain those securities provided that a fund governance mechanism is used to oversee the holdings, purchases or sales of these securities for the mutual funds and to ensure that such holdings, purchases or sales have been made free from any influence by these related companies and without taking into account any consideration relevant to these related companies.

Statutes Cited

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

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

AND

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

AND

IN THE MATTER OF
ELLIOTT & PAGE LIMITED ("EPL")

ELLIOTT & PAGE ACTIVE BOND FUND
ELLIOTT & PAGE MONEY FUND
ELLIOTT & PAGE MONTHLY HIGH INCOME FUND
ELLIOTT & PAGE BALANCED FUND
ELLIOTT & PAGE GROWTH & INCOME FUND
ELLIOTT & PAGE VALUE EQUITY FUND
ELLIOTT & PAGE CANADIAN EQUITY FUND
ELLIOTT & PAGE GENERATION WAVE FUND
ELLIOTT & PAGE BLUE CHIP FUND
ELLIOTT & PAGE SECTOR ROTATION FUND
ELLIOTT & PAGE GROWTH OPPORTUNITIES FUND
ELLIOTT & PAGE AMERICAN GROWTH FUND
ELLIOTT & PAGE U.S. MID-CAP FUND
ELLIOTT & PAGE INTERNATIONAL EQUITY FUND
ELLIOTT & PAGE TOTAL EQUITY FUND
ELLIOTT & PAGE GLOBAL MULTISTYLE FUND
ELLIOTT & PAGE GLOBAL SECTOR FUND
ELLIOTT & PAGE ASIAN GROWTH FUND
ELLIOTT & PAGE RSP AMERICAN GROWTH FUND
ELLIOTT & PAGE RSP U.S. MID-CAP FUND
ELLIOTT & PAGE RSP TOTAL EQUITY FUND
(collectively, the "Trust Funds")

MIX AIM AMERICAN MID-CAP GROWTH CLASS
MIX AIM CANADIAN FIRST CLASS
MIX ELLIOTT & PAGE GROWTH
OPPORTUNITIES CLASS
MIX ELLIOTT & PAGE U.S. MID-CAP CLASS
MIX F.I. CANADIAN DISCIPLINED EQUITY CLASS
MIX F.I. GROWTH AMERICA CLASS
MIX F.I. INTERNATIONAL PORTFOLIO CLASS
MIX SEAMARK TOTAL CANADIAN EQUITY CLASS
MIX SEAMARK TOTAL GLOBAL EQUITY CLASS
MIX SEAMARK TOTAL U.S. EQUITY CLASS
MIX TRIMARK GLOBAL CLASS
MIX TRIMARK SELECT CANADIAN CLASS
MIX SHORT TERM YIELD CLASS
MIX CANADIAN EQUITY VALUE CLASS
MIX CANADIAN LARGE CAP CORE CLASS
MIX CANADIAN LARGE CAP GROWTH CLASS
MIX CANADIAN LARGE CAP VALUE CLASS
MIX GLOBAL EQUITY CLASS
MIX GLOBAL SECTOR CLASS
MIX GLOBAL VALUE CLASS
MIX INTERNATIONAL GROWTH CLASS
MIX INTERNATIONAL VALUE CLASS
MIX JAPANESE CLASS
MIX U.S. LARGE CAP CORE CLASS
MIX U.S. LARGE CAP GROWTH CLASS
MIX U.S. LARGE CAP VALUE CLASS
MIX U.S. MID-CAP VALUE CLASS
(collectively, the Corporate Funds")

ELLIOTT & PAGE POOLED CANADIAN EQUITY FUND
ELLIOTT & PAGE POOLED U.S. EQUITY FUND
ELLIOTT & PAGE POOLED BOND FUND
ELLIOTT & PAGE POOLED BALANCED FUND
ELLIOTT & PAGE POOLED CORPORATE BOND FUND
ELLIOTT & PAGE POOLED SHORT-TERM FUND
(collectively, the "Pooled Funds")

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, British Columbia, Saskatchewan, Quebec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from Elliott & Page Limited for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the following provisions, where applicable, do not apply so as to prevent the Trust Funds, the Corporate Funds, the Pooled Funds and such other funds as may be managed or advised by Elliott & Page Limited or an affiliate or division thereof ("EPL") from time to time (collectively with the Trust Funds, the Pooled Funds and the Corporate Funds, the "Funds") from investing in, or continuing to hold an investment in, securities of the Related Companies (as hereinafter defined):

(a) the provision prohibiting a mutual fund from knowingly making or holding an investment in any person or company who is a substantial security holder of the mutual fund, its management company or distribution company;

(b) the provision prohibiting a mutual fund from knowingly making or holding an investment in an issuer in which a substantial security holder of the mutual fund, its management company or its distribution company has a significant interest; and

(c) the provision prohibiting a portfolio manager (or in the case of the *Securities Act* (British Columbia), the mutual fund or responsible person) from knowingly causing any portfolio managed by it to invest in any issuer in which a responsible person or an associate of a responsible person is an officer or director unless the specific fact is disclosed to the client and the written consent of the client to the investment is obtained before the purchase (the provisions of (a), (b) and (c) being collectively, the "Investment Restrictions");

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

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

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

1. EPL is a corporation incorporated under the laws of Ontario with its registered office located in Toronto, Ontario. In 1982, EPL was acquired by North American Life Assurance Company, which is now The Manufacturers Life Insurance Company ("MLIC"). Manulife Financial Corporation ("Manulife") holds all of the outstanding shares of MLIC and therefore, EPL is an indirect wholly-owned subsidiary of Manulife.

2. Since its inception, EPL has been registered as an adviser in the categories of investment counsel and portfolio manager under the *Securities Act* Ontario (the "Act"). By way of an amendment to its registration in 1984, EPL also obtained registration as a mutual fund dealer under the Act.

3. EPL is the manager, trustee and promoter of the Trust Funds and the Pooled Funds and the manager and promoter of the Corporate Funds.

4. Advisor Class, Class F and Class I units of the Trust Funds are offered for sale continuously to the public in each of the provinces and territories of Canada pursuant to a combined simplified prospectus and annual information form dated August 28, 2002. Each of the Trust Funds is a reporting issuer under the Act and is not on the list of defaulting issuers maintained under the Act.

5. Units of the Pooled Funds are sold to institutional investors on an exempt basis.

6. Advisor Series and Series F shares of the Corporate Funds are offered for sale continuously to the public in each of the provinces and territories of Canada pursuant to a combined simplified prospectus and annual information form dated October 29, 2002. Each of the Corporate Funds is a reporting issuer under the Act and is not on the list of defaulting issuers maintained under the Act.

7. EPL is or will be the primary portfolio advisor for each Fund. EPL also hires or will hire sub-advisors to provide investment advice for certain Funds. The individual investment sub-advisor for each Fund is or will be listed in the prospectus or other offering document offering each Fund.

8. Manulife, the indirect parent company of EPL, is one of the leading life insurance based financial services organizations in Canada. Its wealth management product offerings include individual investment and banking products, annuities, group pension products, segregated funds and mutual funds.

9. SEAMARK Asset Management Ltd. ("SEAMARK", collectively with Manulife, the "Related Companies") currently acts as a portfolio sub-advisor to Elliott & Page Growth & Income Fund, Elliott & Page International Equity Fund, Elliott & Page Total Equity Fund, Elliott & Page RSP Total Equity Fund, MIX SEAMARK Total Canadian Equity Class, MIX SEAMARK Total Global Equity Class and MIX SEAMARK Total U.S. Equity Class and may in the future act as a portfolio sub-advisor to other Funds (collectively, the "SEAMARK-Advised Funds"). SEAMARK is an investment counsel and portfolio management firm which is publicly traded and, of which, Manulife holds 35% of the voting securities. SEAMARK provides investment management services to a broad range of clients including institutional clients, retail mutual funds and high net worth private clients. SEAMARK is one of the fastest growing investment management firms in Canada.

10. The Funds have not made any investment in securities of the Related Companies.

11. EPL believes that it would be in the best interests of investors in the SEAMARK-Advised Funds for such Funds to be permitted to invest in securities of Manulife, in keeping with the investment objectives of the SEAMARK-Advised Funds, though only up to the limits allowed by applicable

legislation. EPL also believes that it would be in the best interests of investors in the Funds, other than the SEAMARK-Advised Funds, for the Funds to be permitted to invest in securities of the Related Companies, in keeping with the investment objectives of the Funds, though only up to the limits allowed by applicable legislation.

12. Although a number of directors and officers of EPL are also officers and directors of the Related Companies ("Related Officers and Directors"), these individuals do not participate in the formulation of, or generally have access prior to implementation to, the day to day investment decisions made on behalf of the Funds. All officers and directors of a Related Company are non-trading officers of EPL and as such do not provide investment advice. Furthermore, no trading officer of EPL who makes trades on behalf of the Funds is under the direction of an officer or director of a Related Company in respect of investments by the Funds in a Related Company.

13. All Related Officers and Directors who have access to material information in relation to Manulife and SEAMARK that has not been generally disclosed (an "Access Person") is subject to Manulife's written policy and the IFIC Code of Ethics which prohibits Access Persons from engaging in any trading in securities of the Related Companies while the trading window is closed or while the Access Person is in possession of undisclosed material information in relation to the Related Companies.

14. EPL will establish a 3-member independent review committee (the "Independent Committee") to oversee investments by the Funds in securities of the Related Companies. The Independent Committee will be comprised entirely of individuals who are wholly independent of EPL, Manulife, and SEAMARK. No member of the Independent Committee will be an officer or director of EPL, or an associate or employee, of EPL, of any portfolio manager of a Fund, or of any associate or affiliate of EPL or the portfolio managers of the Funds.

15. The duties and obligations of the Independent Committee will include the following:

    (a) to oversee the holdings, purchases, and sales by the Funds of securities of Related Companies;

    (b) to examine the investment decisions of each Fund's portfolio manager to ensure that such decisions are in the best interest of the Fund's investors;

    (c) in instances where the portfolio manager of a Fund is determined to not have acted in the best interest of the Fund's investors, to recommend or require that actions be taken to rectify the situation within a specific time frame; and

    (d) from time to time, as necessary, to develop guidelines for the portfolio manager of a Fund to follow with respect to investments by the Fund in Related Companies.

16. The Independent Committee shall review the holdings, purchases or sales of securities of the Related Companies to ensure that they have been made free from any influence by a Related Company and without taking into account any consideration relevant to a Related Company.

17. The Independent Committee will take into consideration the best interests of securityholders of the Funds and no other factors.

18. The compensation to be paid to members of the Independent Committee will be paid on a per meeting basis and will be allocated among the Funds in a manner that is considered by the Independent Committee to be fair and reasonable to the Funds.

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:

1. the Funds, other than the SEAMARK-Advised Funds, are exempt from the Investment Restrictions so as to enable the Funds, and EPL to cause the Funds, to invest, or continue to hold an investment in, securities of a Related Company;

2. the SEAMARK-Advised Funds are exempt from the Investment Restrictions so as to enable the SEAMARK-Advised Funds, and EPL to cause the SEAMARK-Advised Funds, to invest, or continue to hold an investment in, securities of Manulife; and

3. this Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with mutual fund governance in a manner that conflicts with or makes inapplicable any provision of this Decision;

provided that:

(a) EPL has appointed the Independent Committee to review the Funds' purchases, sales and continued holdings of securities of a Related Company;

(b) the Independent Committee has at least three members, none of whom is an associate or employee of (i) EPL, (ii) any portfolio manager of the Funds; or (iii) any associate or affiliate of EPL, Manulife, or the portfolio managers of the Funds;

(c) the Independent Committee has a written mandate describing its duties and standard of care which, as a minimum, sets out the conditions of this Decision;

(d) the members of the Independent Committee exercise their powers and discharge their duties honestly, in good faith and in the best interests of investors in the Funds and, in doing so, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

(e) none of the Funds relieves the members of the Independent Committee from liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph (d);

(f) none of the Funds indemnifies the members of the Independent Committee against legal fees, judgments and amounts paid in settlement as a result of a breach of the standard of care set out in paragraph (d);

(g) none of the Funds incurs the cost of any portion of liability insurance that insures a member of the Independent Committee for a liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph (d);

(h) the cost of any indemnification or insurance coverage paid for by EPL, any portfolio manager of the Funds, or any associate or affiliate of EPL or the portfolio managers of the Funds to indemnify or insure the members of the Independent Committee in respect of a loss that arises out of a failure to satisfy the standard of care set out in paragraph (d) is not paid either directly or indirectly by the Funds;

(i) the Independent Committee reviews the Funds' purchases, sales and continued holdings of securities of a Related Company on a regular basis, but not less frequently than every three months;

(j) the Independent Committee forms the opinion at any time, after reasonable inquiry, that the decisions made on behalf of each Fund by EPL or the Fund's portfolio manager to purchase, sell or continue to hold securities of a Related Company were and continue to be in the best interests of the Fund, and:

  (i) represent the business judgement of EPL or the Fund's portfolio manager, uninfluenced by considerations other than the best interests of the Fund;

  (ii) have been made free from any influence by a Related Company and without taking into account any consideration relevant to a Related Company; and

  (iii) do not exceed the limitations of the applicable legislation.

(k) the determination made by the Independent Committee pursuant to paragraph (j) is included in detailed written minutes provided to EPL not less frequently than every three months;

(l) the reports required to be filed pursuant to the Legislation with respect to every purchase and sale of securities of a Related Company are filed on SEDAR in respect of the relevant Fund;

(m) the Independent Committee advises the Decision Makers in writing of:

  (i) any determination by it that the condition set out in paragraph (j) has not been satisfied with respect to any purchase, sale or holding of securities of a Related Company;

  (ii) any determination by it that any other condition of this Decision has not been satisfied;

  (iii) any action it has taken or proposes to take following the determinations referred to above; and

  (iv) any action taken, or proposed to be taken, by EPL or a portfolio manager of the Funds in

response to the determinations referred to above; and

(n) the existence, purpose, duties and obligations of the Independent Committee, the names of its members, whether and how they are compensated by the Funds, and the fact that they meet the requirements of the condition set out in paragraph (b) are disclosed:

(i) in a press release issued, and a material change report filed, prior to reliance on the Decision;

(ii) in item 12 of Part A of the simplified prospectus of the Funds; and

(iii) on EPL's internet website.

December 19, 2002.

"Theresa McLeod" "R. L. Shirriff"

2.1.11 Mustang Minerals Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from the requirement that the author of a technical report be a member of a "professional association" in order to be considered a "qualified person".

National Instruments Cited

National Instrument 43-101 – Standards of Disclosure for Mineral Projects, ss. 1.2, 2.1, 5.1 and 9.1.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO AND ALBERTA

AND

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

AND

IN THE MATTER OF
MUSTANG MINERALS CORP.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker and collectively the Decision Makers) in each of Ontario and Alberta (the Jurisdictions) has received an application (the Application) from Mustang Minerals Corp. (the Corporation) for a decision under the securities legislation of the Jurisdictions (the Legislation) that:

(i) the Corporation is exempt from the requirement contained in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (NI 43-101) that the author of a technical report or other information upon which disclosure of a scientific or technical nature is based be a member in good standing of a professional association in order for the author to be considered a qualified person as defined in NI 43-101 (the Membership Qualification Requirement); and

(ii) the Corporation is exempt from the requirement contained in the Legislation to pay a fee in connection with the Application (the Application Fee Requirement);

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

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

1. The Corporation's head office is located at Toronto, Ontario, Canada;

2. The Corporation is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any requirement of the Legislation;

3. The Corporation's securities are listed for trading on the TSX Venture Exchange;

4. The Corporation is a mineral exploration company with its exploration projects located near Sudbury, Ontario;

5. The Corporation has retained Kenneth J. Lapierre to author technical reports required to be filed by the Corporation pursuant to NI 43-101 and to prepare information upon which the Corporation's disclosure of a scientific or technical nature may be based;

6. Kenneth J. Lapierre is a member of the Association of Geoscientists of Ontario (AGO). AGO was a professional association as defined in NI 43-101 until February 1, 2002;

7. AGO is being replaced in Ontario by the Association of Professional Geoscientists of Ontario (APGO). APGO is a professional association as defined in NI 43-101;

8. Kenneth J. Lapierre has applied to become a member of APGO and would be a qualified person as defined in NI 43-101 except only for not yet being a member in good standing of a professional association;

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

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

THE DECISION of the Decision Makers under the Legislation is that the Corporation is exempt from the Membership Qualification Requirement and the Application Fee Requirement in connection with technical reports or other information prepared by Kenneth J. Lapierre provided that:

(a) Kenneth J. Lapierre complies with all other elements of the definition of qualified person in NI 43-101; and

(b) the relief granted in this Decision shall terminate on the earlier of: (1) the date Kenneth J. Lapierre becomes a member of APGO or is advised that his application for membership to APGO has been denied; and (2) February 1, 2003.

December 24, 2002.

"Margo Paul"

2.1.12 Bema Gold Corporation and EAGC Ventures Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – arrangement transaction. Warrants of subsidiary exercisable for shares of parent. Relief from prospectus and registration requirements for exercises of warrants.

Ontario Statutes

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

Applicable Multilateral Instrument

Multilateral Instrument 45-102 Resale of Securities.

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

AND

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

AND

IN THE MATTER OF
BEMA GOLD CORPORATION

AND

IN THE MATTER OF
EAGC VENTURES CORP.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, Newfoundland and Labrador, New Brunswick, Prince Edward Island, Yukon Territory, the Northwest Territories and Nunavut (the "Jurisdictions") has received an application from Bema Gold Corporation ("Bema") and EAGC Ventures Corp. ("EAGC" and, together with Bema, the "Filers") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirement") shall not apply to certain trades in securities in connection with an arrangement among Bema, its wholly-owned subsidiary 1518798 Ontario Inc. ("Subco") and EAGC (the "Arrangement");

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

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

1. Bema was continued under the *Canada Business Corporations Act* ("CBCA") in July 2002. Its head office is located in Vancouver, British Columbia.

2. The authorized capital of Bema consists of an unlimited number of common shares (the "Bema Shares"), of which 242,184,464 Bema Shares were issued and outstanding as at November 8, 2002.

3. Bema is a reporting issuer or the equivalent under the securities legislation of each province and territory of Canada and is not in default of the securities legislation of such jurisdictions. The Bema Shares are listed on the Toronto Stock Exchange ("TSX") and the American Stock Exchange ("AMEX").

1518798 Ontario Inc.

4. Subco was incorporated under the *Ontario Business Corporations Act* (the "OBCA") in March 2002.

5. All of the issued and outstanding shares of Subco are held by Bema.

6. Subco is not a reporting issuer or the equivalent under the securities legislation of any province or territory of Canada. It was acquired by Bema for the sole purpose of effecting the Arrangement.

EAGC Ventures Corp.

7. EAGC was amalgamated under the OBCA in May 1996. Its head office is located in Vancouver, British Columbia.

8. The authorized capital of EAGC consists of an unlimited number of common shares (the "EAGC Shares"), of which 12,755,805 EAGC Shares were issued and outstanding as at November 18, 2002.

9. As at November 18, 2002, 1,840,000 EAGC Shares were reserved for issuance under outstanding EAGC Options, 3,785,000 EAGC Shares were reserved for issuance under outstanding warrants of EAGC, 47,723,500 EAGC Shares were reserved for issuance under outstanding special warrants of EAGC ("EAGC Special Warrants") and 23,861,750 EAGC Shares were reserved for issuance pursuant to the exercise of warrants obtainable on the exercise of the outstanding EAGC Special Warrants (such warrants, together with the warrants of EAGC

currently outstanding, are collectively referred to herein as the "EAGC Warrants").

10. EAGC is a reporting issuer under the securities legislation of British Columbia, Alberta, Ontario and Québec and is not in default of the securities legislation of such jurisdictions. The EAGC Common Shares are listed on the TSX Venture Exchange ("TSX Venture").

Securityholder and Court Approvals

11. On November 14, 2002 an interim order ("Interim Order") of the Ontario Superior Court of Justice (the "Court") was obtained in connection with the Arrangement. The Interim Order provides for, among other things, the calling and holding of a special meeting (the "Meeting") of the shareholders of EAGC and the holders of EAGC Options, to be held on December 18, 2002. At the Meeting, EAGC will seek the requisite securityholder approval for the Arrangement.

12. In connection with the Meeting, EAGC delivered to the relevant EAGC securityholders a management information circular (the "Proxy Circular") containing prospectus level disclosure of the Arrangement and the business and affairs of Bema.

13. The hearing for the final order of the Court in respect of the Arrangement is currently scheduled to take place on December 20, 2002. In its final order the Court will be called upon to approve, among other things, the fairness of the Arrangement.

The Arrangement

14. The Arrangement is being effected in order to merge Bema and EAGC. The Arrangement will be effected pursuant to the OBCA.

15. Prior to the effective date of the Arrangement (the "Effective Date"), all EAGC Special Warrants will be exercised in accordance with their terms and the EAGC Shares and EAGC Warrants issuable upon such exercise will be issued.

16. The following steps are expected to occur on the Effective Date:

    (a) all EAGC Shares held by dissenting shareholders of EAGC will be transferred to Bema in exchange for a payment equal to the fair value thereof;

    (b) EAGC and Subco will amalgamate to form Amalco;

    (c) each EAGC Share held by shareholders of EAGC other than Bema and its affiliates will be cancelled and the holders thereof will receive, for each EAGC Share, that number of Bema Shares multiplied by the Exchange Ratio;

    (d) each EAGC Share held by Bema and its affiliates will be cancelled and the holders thereof will receive, for each EAGC Share, that number of common shares of Amalco ("Amalco Shares") multiplied by the Exchange Ratio;

    (e) each issued and outstanding share of Subco will be cancelled and the holder thereof will receive, for each such Subco share, one Amalco Share;

    (f) each EAGC Option will be exchanged for a Bema Replacement Option to purchase that number of Bema Shares equal to the number of EAGC Shares issuable under such EAGC Option multiplied by the Exchange Ratio, at an exercise price per Bema Share equal to the exercise price per EAGC Share of such EAGC Option divided by the Exchange Ratio; and

    (g) each EAGC Warrant held by Bema and its affiliates will be cancelled without payment.

17. In addition, each EAGC Warrant held by persons other than Bema and its affiliates will, in accordance with its terms, represent following the Effective Date the right to acquire that number of Bema Shares equal to the number of EAGC Shares issuable thereunder multiplied by the Exchange Ratio, at an exercise price per Bema Share equal to the exercise price per EAGC Share under the EAGC Warrant divided by the Exchange Ratio.

18. The EAGC Warrants currently outstanding may be exercised until various dates in October 2004, when they expire. The balance of EAGC Warrants to be issued upon the deemed exercise of EAGC Special Warrants in connection with the Arrangement may be exercised for a period of five years following the date of their issuance, which issuance will be deemed to take place the day prior to the completion of the Arrangement.

19. Immediately after consummation of the Arrangement, Amalco will be a wholly-owned subsidiary of Bema.

20. The TSX has conditionally approved the listing of the Bema Shares issuable under the terms of the Arrangement, subject to Bema fulfilling customary TSX requirements. Bema also intends to apply to have the EAGC Warrants listed on the TSX or TSX Venture.

21. The completion of the Arrangement, including the assumption by Bema of the EAGC Warrants in accordance with their terms on the Effective Date and the trade by Bema of Bema Shares to holders of EAGC Warrants upon their exercise following the Effective Date, involves or may involve a number of trades of securities (all such aforementioned trades in connection with and subsequent to the Arrangement, the "Trades").

22. There are no exemptions from the Registration Requirement and the Prospectus Requirement in the Legislation of certain of the Jurisdictions in respect of certain of the Trades.

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:

1. the Registration Requirement and the Prospectus Requirement shall not apply to the Trades, provided that the first trade in securities acquired pursuant to this Decision in a Jurisdiction will be a distribution or primary distribution to the public under the Legislation of such Jurisdiction; and

2. the Prospectus Requirement shall not apply to the first trade in securities acquired pursuant to this Decision if:

   (a) except in Québec, the conditions in subsections (3) or (4) of section 2.6 or subsections (2) or (3) of section 2.8 of Multilateral Instrument 45-102 *Resale of Securities* are satisfied; and

   (b) in Québec,

      (i) the issuer or one of the parties to the Arrangement is and has been a reporting issuer in Québec for the 12 months immediately preceding the trade,

      (ii) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade,

      (iii) no extraordinary commission or consideration is paid to a person or company in respect of the trade, and

      (iv) if the selling shareholder is an insider or officer of the issuer, the selling shareholder has no reasonable grounds to believe that the issuer is in default of securities legislation.

December 20, 2002.

"Theresa McLeod" "Harold P. Hands"

2.1.13 Domtar Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – trades of common shares of a reporting issuer by a selling shareholder upon exercise of warrants issued pursuant to a prospectus not subject to prospectus or registration requirements subject to conditions.

Ontario Statutes

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

Applicable Multilateral Instrument

Multilateral Instrument 45-102 Resale of Securities.

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

AND

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

AND

IN THE MATTER OF
DOMTAR INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, the Yukon Territory and the Territory of Nunavut (the "Jurisdictions") has received an application from Domtar Inc. ("Domtar") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the dealer registration and prospectus requirements of the Legislation (the "Dealer Registration and Prospectus Requirements") shall not apply to certain trades in securities in connection with the secondary offering (the "Offering") of 18,170,249 units ("Units") of Domtar;

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

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

AND WHEREAS Domtar has represented to the Decision Makers that:

1. Domtar is a corporation incorporated under the laws of Canada and governed by the *Canada Business Corporation Act*. Domtar is a reporting issuer in each of the Jurisdictions in which such concept exists and, to the best of its knowledge, is not in default of any of the requirements of the Legislation.

2. The Offering of Units is being made (i) in Canada under a short form prospectus to be filed in each of the Jurisdictions and (ii) in the United States pursuant to the multi-jurisdictional disclosure system (the "MJDS").

3. Each Unit is comprised of one common share of Domtar (a "Unit Share") being sold by Dofor Inc. (the "Selling Shareholder") and one common share purchase warrant of Domtar (a "Warrant"). Each Warrant will entitle its holder (the "Warrantholder") to purchase one common share of Domtar (an "Underlying Share") as detailed below.

4. The Selling Shareholder is an indirect wholly-owned subsidiary of Société général de financement du Québec (“SGF”), an economic development agency of the Government of the Province of Québec. Domtar has been advised by the Selling Shareholder that SGF is party to an agreement with Caisse de dépôt et placement du Québec under which the two entities have agreed to vote their common shares of Domtar in favour of the election to the Domtar board of directors of a number of representatives of the entities.

5. The Selling Shareholder beneficially owns 36,340,498, or 15.97%, of the outstanding common shares of Domtar. Of those common shares, 18,170,249 will be sold as Unit Shares under the Offering and the remaining 18,170,249 will be deposited with the Warrant Agent (as defined below) on Closing in connection with Domtar’s obligation to issue, or cause to be delivered, Underlying Shares to Warrantholders on exercise of their Warrants, as described in greater detail below.

6. Domtar is qualified to file a prospectus in the form of a short form prospectus under National Instrument 44-101-Short Form Prospectus Distributions ("NI 44-101").

7. On December 10, 2002, Domtar issued a press release announcing that it had entered into an underwriting agreement dated December 10, 2002 among the Selling Shareholder, Domtar, and each

of 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. and TD Securities Inc. (the "Underwriters"), pursuant to which the Underwriters have agreed to purchase on Closing 18,170,249 Units at a price of $16.50 per Unit, payable in cash to the Selling Shareholder against delivery and otherwise subject to the terms and conditions contained in the underwriting agreement.

8. Also on December 10, 2002, Domtar filed a preliminary short form prospectus (the "Preliminary Prospectus") with the Decision Makers in accordance with NI 44-101 and obtained a receipt therefor dated December 10, 2002. It is anticipated, subject to clearing any comments that might be raised by the TSX and/or the Decision Makers, that Domtar will file a final short form prospectus with the Decision Makers on or about December 17, 2002 and that Closing will take place on or about December 23, 2002.

9. Pursuant to the Offering, each Unit will be separated into one Unit Share and one Warrant on or after the Closing, but, in any event, not later than 60 days after the Closing, as may be agreed upon by the Selling Shareholder and the Underwriters. The Selling Shareholder will allocate $15.50 for the Unit Share and $1.00 for the Warrant. Each Warrant will entitle the Warrantholder to purchase one Underlying Share at a price of $17.55 at any time on or prior to 5:00 p.m. (Montreal time) on the date which is one year from the Closing.

10. The warrant agreement (the "Warrant Agreement"), pursuant to which the Warrants will be issued, will require Domtar to issue, or cause to be delivered, to each Warrantholder upon due exercise of Warrant, that number of Underlying Shares to which such Warrantholder is entitled.

11. The delivery agreement (the "Delivery Agreement") will require the Selling Shareholder to irrevocably commit and agree to deliver Underlying Shares from its holding of common shares of Domtar for delivery to Warrantholders upon due exercise of the Warrants. To secure this obligation, the Selling Shareholder will agree, among other things, to deliver, at the Closing, certificates representing a total of 18,170,249 common shares of Domtar, or the pledged shares, to the warrant agent (the "Warrant Agent"), as depository and delivery agent. The pledged shares will be pledged to Domtar.

12. In the event that the Warrant Agent is unable to deliver to Warrantholders that number of pledged shares to which the Warrantholders are entitled and the Selling Shareholder does not deliver other common shares to the Warrant Agent to permit such delivery, Domtar will issue the required number of Underlying Shares to the Warrant Agent at a price equal to the exercise price of each Warrant and the equivalent number of pledged shares will automatically be cancelled.

13. Application has been made to list the Warrants on the TSX.

14. Domtar will not be entitled to any of the proceeds from the sale of the Units.

15. Concurrently with the filing of the Preliminary Prospectus with the Decision Makers, Domtar filed a Form F-10 registration statement (incorporating the Preliminary Prospectus) with the U.S. Securities Exchange Commission (the "SEC") under the MJDS.

16. It is a condition of the Closing that a shelf registration statement be filed and declared effective by the SEC regarding the Underlying Shares delivered in the United States. Domtar will use its reasonable efforts to maintain a registration statement relating to the Underlying Shares effective until the earlier of the expiry date of the Warrants and the date on which no Warrants remain outstanding. The shelf registration statement will be filed on Form F-10 with the SEC under the MJDS. In connection with this, a prospectus will be filed with the Quebec Securities Commission relating to the Underlying Shares. This prospectus will not qualify the distribution of Underlying Shares on exercise of Warrants by Warrantholders in Quebec or in any of the Jurisdictions. Similarly, the shelf registration statement filed with the SEC will not qualify in any of the provinces or territories of Canada the distribution of the Underlying Shares on exercise of Warrants by Warrantholders in Canada.

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

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

THE DECISION of the Decision Makers under the Legislation is that the Dealer Registration and Prospectus Requirements shall not apply to trades of Underlying Shares from the Selling Shareholder to Warrantholders on the exercise by them of their Warrants, provided that no commission or other remuneration is paid or given to others for the trades except for ministerial or professional services or for services performed by a registered dealer, and further provided that the first trade of the Underlying Shares is deemed to be a distribution or a primary distribution to the public unless the requirements of section 2.10 of

Multilateral Instrument 45-102 Resale of Securities have been satisfied.

December 20, 2002.

"Theresa McLeod" "Harold P. Hands"

2.1.14 The Toronto-Dominion Bank and TD Capital Trust II - MRRS Decision

Headnote

Exemptions from most continuous disclosure requirements granted to a Trust on specified conditions, including the conditions that the Bank remains a reporting issuer and security holders of the Trust receive the continuous disclosure documents of the parent company. Because of the terms of the Trust, a security holder's return depends upon the financial condition of the Bank and not that of the Trust. Trust offered Trust units to the public in order to provide the parent company with a cost effective means of raising capital for Canadian bank regulatory purposes. No distributions are payable on the Trust units, if the Bank fails to pay dividends on its preferred shares or on its common shares, if no preferred shares are outstanding. If distributions are not paid, the Bank is prevented from paying dividends on its preferred shares. Trust units are redeemable by the Trust and are exchangeable at the option of the holder for a series of shares of the Bank. Holders of Trust units have no claim or entitlement to the income of the Trust or the assets held by the Trust.

Applicable Ontario Statutory Provisions

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

Applicable Ontario Rules Cited

OSC Rule 51-501- AIF and MD&A OSC Rule 52-501- Financial Statements.

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

AND

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

AND

IN THE MATTER OF
THE TORONTO-DOMINION BANK AND
TD CAPITAL TRUST II

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker, and collectively the Decision Makers) in each of the Provinces of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia and Newfoundland and Labrador (the Jurisdictions) has received an application (the Application) from The Toronto-Dominion Bank (the Bank) and TD Capital Trust II (the Trust) for a decision, pursuant to the

securities legislation of the Jurisdictions (the Legislation), that the requirements contained in the Legislation to:

(a) file interim financial statements and audited annual financial statements (collectively, Financial Statements) with the Decision Makers and deliver such statements to the security holders of the Trust;

(b) make an annual filing (an Annual Filing) with the Decision Makers in lieu of filing an information circular, where applicable;

(c) file an annual report (an Annual Report) and an information circular with the Decision Maker in Quebec and deliver such report or information circular to the security holders of the Trust resident in Quebec; and

(d) file an annual information form (an AIF) and management's discussion and analysis (MD&A) of the financial condition and results of operation of the Trust with the Decision Makers in Ontario, Saskatchewan and Quebec and send such MD&A to security holders of the Trust, where applicable (collectively, the AIF and MD&A Requirements);

shall not apply to the Trust, subject to certain terms and conditions;

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

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

AND WHEREAS the Bank and the Trust have represented to the Decision Makers that:

The Bank

1. The Bank is a bank under the *Bank Act* (Canada) and such act is its charter.

2. The authorized share capital of the Bank consists of an unlimited number of (i) common shares (Bank Common Shares); and (ii) non-cumulative Class A First Preferred Shares (Bank Preferred Shares), issuable in series.

3. The Bank is a reporting issuer or the equivalent in each of the provinces and territories of Canada providing for such a regime and is not, to its knowledge, in default of any requirement under the Legislation.

4. The Bank Common Shares are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange, the Tokyo Stock Exchange and the London Stock Exchange.

The Trust

5. The Trust is an open-end trust established under the laws of the Province of Ontario by The Canada Trust Company (the Trustee), as trustee, pursuant to a declaration of trust dated September 10, 2002 (as amended and restated as of October 22, 2002, the Declaration of Trust).

6. The outstanding securities of the Trust consist of: (i) Special Trust Securities – Series 2002-1 (Special Trust Securities); and (ii) TD Capital Trust II Securities - Series 2012-1 (TD CaTS II). The Special Trust Securities and the TD CaTS II are collectively referred to herein as the Trust Securities. The TD CaTS II and the Special Trust Securities are not quoted or listed on any exchange or organized market.

7. The Trust is a reporting issuer or the equivalent in each of the Jurisdictions providing for such a regime as a result of having filed a (final) prospectus dated October 15, 2002 (the Prospectus) and the issuance of a final MRRS Decision Document in relation to the Prospectus and is not, to its knowledge, in default of any requirement of the Legislation.

8. The Trust was established solely for the purpose of effecting a public offering of TD CaTS II (the Offering) and possible future offerings of TD Capital Trust II Securities in order to provide the Bank with a cost effective means of raising capital for Canadian financial institution regulatory purposes by means of: (i) creating and selling the Trust Securities; and (ii) acquiring and holding assets, which consist primarily of a senior deposit note issued by the Bank (the Bank Deposit Note). The Bank Deposit Note will generate income for distribution to holders of the Trust Securities. The Trust does not and will not carry on any operating activity other than in connection with the Offering and any future offerings.

TD CaTS II

9. The Trust distributed 350,000 TD CaTS II in the Jurisdictions under the Prospectus. The Trust also issued and sold 2,000 Special Trust Securities, which are voting securities of the Trust, to the Bank in connection with the Offering.

10. Holders of TD CaTS II are entitled to receive fixed, semi-annual non-cumulative distributions (each, an Indicated Yield) on the basis described below (the Distributions). Each semi-annual payment date for the Indicated Yield in respect of the TD CaTS II (a Distribution Date) will be either a

Regular Distribution Date or a Distribution Diversion Date. A Distribution Date will be a "Distribution Diversion Date", with the result that the Indicated Yield will not be paid in respect of the TD CaTS II but, instead, the Trust will pay the net distributable funds of the Trust to the Bank as holder of the Special Trust Securities, if: (i) the Bank has failed in the period described in the Prospectus to declare regular dividends on its Bank Class A Preferred Shares (as hereinafter defined) of any series or on its Bank Parity Preferred Shares (as hereinafter defined) (if any); or (ii) if no Bank Class A Preferred Shares or Bank Parity Preferred Shares are then outstanding and the Bank has failed in the period described in the Prospectus to declare regular dividends on its Bank Junior Preferred Shares (as hereinafter defined); or (iii) if no Bank Junior Preferred Shares are then outstanding and the Bank has failed in the period described in the Prospectus to declare regular dividends on its Bank Common Shares. In all other cases, a Distribution Date will be a Regular Distribution Date, in which case holders of TD CaTS II will be entitled to receive the Indicated Yield and the Bank as holder of the Special Trust Securities will be entitled to receive the net distributable income, if any, of the Trust remaining after payment of the Indicated Yield. "Bank Class A Preferred Shares" means the Bank Preferred Shares (including the Class A First Preferred Shares, Series A2 (the Bank Preferred Shares Series A2) and the Class A First Preferred Shares, Series A3 (the Bank Preferred Shares Series A3)). "Bank Parity Preferred Shares" means preferred or preference shares issued by the Bank ranking *pari passu* with the Bank Class A Preferred Shares. "Bank Junior Preferred Shares" means preferred or preference shares issued by the Bank ranking junior to the Bank Class A Preferred Shares. The Bank Class A Preferred Shares, Bank Common Shares, Bank Parity Preferred Shares and Bank Junior Preferred Shares are hereinafter referred to as the "Bank Dividend Restricted Shares".

11. Under a Share Exchange Agreement entered into among the Bank, the Trust and a party acting as Exchange Trustee (the Share Exchange Agreement), the Bank has agreed, for the benefit of the holders of TD CaTS II, that in the event that the Trust fails on any Regular Distribution Date to pay the Indicated Yield on the TD CaTS II in full, the Bank will not pay dividends on the Bank Dividend Restricted Shares until a specified period of time has elapsed, unless the Trust first pays such Indicated Yield (or the unpaid portion thereof) to holders of TD CaTS II. Accordingly, it is in the interest of the Bank to ensure, to the extent within its control, that the Trust complies with its obligation to pay the Indicated Yield on each Regular Distribution Date.

12. Under the terms of the TD CaTS II and the Share Exchange Agreement, the TD CaTS II may be exchanged, at the option of the holders of TD CaTS II, for newly issued Bank Preferred Shares Series A2. The TD CaTS II will be automatically exchanged, without the consent of the holder, for Bank Preferred Shares Series A3 upon the occurrence of certain stated events relating to the solvency of the Bank or actions taken by the Superintendent of Financial Institutions (the Superintendent and regulatory approval means the approval of the Superintendent) in respect of the Bank (the Automatic Exchange).

13. The terms of the Bank Preferred Shares Series A2 provide, among other things, that such shares are exchangeable at the option of the holder for Bank Common Shares at certain times and in certain circumstances, but in any event the Bank Preferred Shares Series A2 are not exchangeable into Bank Common Shares until June 30, 2013. This exchange right is not operative at any time that an event giving rise to the Automatic Exchange in respect of the TD CaTS II has occurred and is continuing.

14. The Trust may, subject to regulatory approval, on December 31, 2007 and on any Distribution Date thereafter, redeem the TD CaTS II. The price payable in respect of any such redemption will include an early redemption compensation component (such price being the Early Redemption Price) in the event of a redemption of TD CaTS II prior to December 31, 2012 (the Early Redemption Date). The price payable in all other cases will be $1,000 per TD CaTS II together with any unpaid Indicated Yield thereon (the Redemption Price).

15. Upon the occurrence of certain regulatory or tax events affecting the Bank or the Trust, the Trust may, subject to regulatory approval, redeem at any time all but not less than all of the TD CaTS II at the Early Redemption Price (if the TD CaTS II are redeemed prior to the Early Redemption Date) and at the Redemption Price (if the TD CaTS II are redeemed on or after the Early Redemption Date).

16. The Bank has covenanted, under the Share Exchange Agreement, that the Bank will maintain direct ownership of 100% of the outstanding Special Trust Securities. As a result, the financial results of the Trust will be consolidated with those of the Bank. Subject to regulatory approval, the TD CaTS II constitute Tier 1 Capital of the Bank.

17. As long as any TD CaTS II are outstanding and are held by any person other than the Bank, the Trust may only be terminated with the approval of the Bank as holder of the Special Trust Securities and with the approval of the Superintendent: (i) upon the occurrence of a Special Event prior to

December 31, 2007; or (ii) for any reason on December 31, 2007 or any Distribution Date thereafter. Holders of each series of outstanding Trust Securities will rank *pari passu* in the distribution of the property of the Trust in the event of a termination of the Trust, after the discharge of any creditor claims. As long as any TD CaTS II are outstanding, the Bank will not approve the termination of the Trust unless the Trust has sufficient funds to pay the Early Redemption Price in the case of a termination prior to the Early Redemption Date, or the Redemption Price in the case of a termination at any other time.

18. As set forth in the Declaration of Trust, the TD CaTS II are non-voting except in limited circumstances and Special Trust Securities entitle the holders to vote.

19. Except to the extent that the Distributions are payable to TD CaTS II holders, and other than in the event of termination of the Trust (as set forth in the Declaration of Trust), TD CaTS II holders have no claim or entitlement to the income of the Trust or the assets held by the Trust.

20. Under an Administration Agreement entered into between the Trustee and the Bank, the Trustee has delegated to the Bank certain of its obligations in relation to the administration of the Trust. The Bank, as administrative agent, will provide advice and counsel with respect to the administration of the day-to-day operations of the Trust and other matters as may be requested by the Trustee from time to time.

21. The Trust has not requested relief for the purposes of filing a short form prospectus pursuant to National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101) (including, without limitation, any relief that would allow the Trust to use the Bank's AIF as a current AIF of the Trust) and no such relief is provided by this Decision Document from any of the requirements of NI 44-101.

22. The Trust may, from time to time, issue further series of TD Capital Trust II Securities, the proceeds of which would be used to acquire additional deposit notes from the Bank.

23. Because of the terms of the TD CaTS II, the Share Exchange Agreement and the various covenants of the Bank, information about the affairs and financial performance of the Bank, as opposed to that of the Trust, is meaningful to holders of TD CaTS II. The Bank's filings and the delivery of the same material delivered to shareholders of the Bank will provide holders of TD CaTS II and the general investing public with all information required in order to make an informed decision relating to an investment in TD CaTS II. Information regarding the Bank is relevant both to an investor's expectation of being paid the Indicated Yield on the TD CaTS II as well as the return of the investor's principal.

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

AND WHEREAS the Decision Makers are satisfied that the tests contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision have been met;

THE DECISION of the Decision Makers under the Legislation is that the requirement contained in the Legislation:

(a) to file Financial Statements with the Decision Makers and deliver such statements to holders of Trust Securities;

(b) to make an Annual Filing, where applicable, with the Decision Makers in lieu of filing an information circular; and

(c) to file an Annual Report and an information circular with the Decision Maker in Quebec and deliver such report or information circular to holders of Trust Securities resident in Quebec;

shall not apply to the Trust for so long as:

(i) the Bank remains a reporting issuer under the Legislation;

(ii) the Bank files with the Decision Makers, in electronic format under the Trust's SEDAR profile, the documents listed in clauses (a) to (c) above of this Decision, at the same time as they are required under the Legislation to be filed by the Bank;

(iii) the Trust pays all filing fees that would otherwise be payable by the Trust in connection with the filing of the documents referred to in clauses (a) to (c) above of this Decision;

(iv) the Bank sends its Financial Statements and Annual Filing, where applicable, to holders of Trust Securities and its Annual Report to holders of Trust Securities resident in the Province of Quebec at the same time and in the same manner as if the holders of Trust Securities were holders of the Bank Common Shares;

(v) all outstanding securities of the Trust are either TD Capital Trust II Securities or Special Trust Securities; and

(vi) the rights and obligations (other than the economic terms thereof) of holders of additional series of TD Capital Trust II Securities are the same in all material respects as the rights and obligations of the holders of TD CaTs II - Series 2012-1 at the date hereof; and

(vii) the Bank is the beneficial owner of all Special Trust Securities.

and provided that this Decision shall expire 30 days after the date a material adverse change occurs in the affairs of the Trust.

December 19, 2002.

"Mary Theresa McLeod" "Robert L. Shirriff"

AND THE FURTHER DECISION of the Decision Makers in Ontario, Saskatchewan and Quebec is that the AIF and MD&A Requirements shall not apply to the Trust for so long as:

(i) the conditions set out in clauses (i), (v), (vi) and (vii) of the Decision above are complied with;

(ii) the Bank files its AIF and its annual and interim MD&A with the Decision Makers, as applicable, in electronic format under the Trust's SEDAR profile at the same time as they are required under the Legislation to be filed by the Bank;

(iii) the Trust pays all filing fees that would otherwise be payable by the Trust in connection with the filing of the documents referred to in clauses (a) to (c) above of this Decision;

(iv) the Bank sends its annual and interim MD&A and its AIF, as applicable, to holders of Trust Securities at the same time and in the same manner as if the holders of Trust Securities were holders of Bank Common Shares;

and provided that this Decision shall expire 30 days after the date a material adverse change occurs in the affairs of the Trust.

December 19, 2002.

"John Hughes"

2.2 Orders

2.2.1 Offshore Marketing Alliance and Warren English - s. 127

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, c. S.5, as amended

AND

IN THE MATTER OF
OFFSHORE MARKETING ALLIANCE
and WARREN ENGLISH

ORDER
(Section 127)

WHEREAS this proceeding was commenced by a Notice of Hearing and related Statement of Allegations dated December 12, 2000;

AND WHEREAS the Respondents have requested that the hearing in this matter, currently scheduled for January 15 and 16, 2003, be adjourned to February 17 and 18, 2003, and Staff of the Commission do not oppose this request;

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

IT IS THEREFORE ORDERED that the hearing in this matter be adjourned to February 17 and 18, 2003.

December 13, 2002.

“Robert Korthals” “Harold Hands”

2.2.2 Beta Minerals Inc. - ss. 83.1(1)

Headnote

Subsection 83.1(1) – Issuer resulting from Arrangement, listed on TSXV, reporting issuer in B.C. and Alberta 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).

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

AND

IN THE MATTER OF
BETA MINERALS INC.

ORDER
(Subsection 83.1(1))

UPON the application of Beta Minerals Inc. (the "Applicant" or "Beta") for an order pursuant to subsection 83.1(1) of the Act deeming the Applicant to be a reporting issuer for the purposes of the Act and the regulations made thereunder (the Act and the regulations collectively, "Ontario Securities Law");

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

AND UPON the Applicant representing to the Commission as follows:

1. Beta is a corporation incorporated under the OBCA on September 27, 2002;

2. the head office of Beta is located in Vancouver, British Columbia;

3. the authorized capital of Beta includes an unlimited number of common shares ("Beta Common Shares");

4. effective November 29, 2002, Beta completed an arrangement under section 182 of the OBCA (the "Arrangement") with Highwood Resources Ltd. (“Highwood”), Dynatec Corporation (“Dynatec”) and 2016964 Ontario Limited (“Dynatec Newco”);

5. the Arrangement is described in the management information circular (the “Highwood Circular”) of Highwood dated October 25, 2002,

6. Beta has filed a notice on SEDAR advising that it has filed the Highwood Circular as an alternative form of annual information form under Multilateral Instrument 45-201 and identifying the SEDAR project number under which the Circular was filed;

7. Beta is a "reporting issuer" in the provinces of British Columbia and Alberta;

8. the material properties of Beta are the following:

   (a) a direct 100% interest in the Thor Lake property (the “Thor Lake Property”), which is located in the Northwest Territories;

   (b) an indirect 59.88% interest in the Mikwam Property (the “Mikwam Property”), which is located in the Province of Ontario; and

   (c) any direct 39% interest in the Yellow Giant Property (the “Yellow Giant Property”), which is located in the Province of Ontario;

9. the purpose of the Arrangement was to transfer Highwood's interests in the Thor Lake Property, the Mikwam Property and the Yellow Giant Property (the "Transferred Properties") to Beta, the shareholders of which are certain of the former minority holders (the "Minority Shareholders") of Highwood Common Shares other than Dynatec and Dynatec, and to transfer ownership of Highwood to Dynatec;

10. the transactions completed either immediately before or as part of the Arrangement involved a number of steps, including the following:

   (a) Dynatec advanced $1,750,000 to Dynatec Newco by way of a loan evidenced by a Promissory Note from Dynatec Newco to Dynatec;

   (b) Dynatec Newco used the proceeds of the Dynatec loan to subscribe for 12,068,965 Beta Shares at $0.145 per share for total subscription proceeds of $1,750,000;

   (c) Dynatec exchanged all of its Highwood Common Shares with Dynatec Newco for one Dynatec Newco Common Share;

   (d) All options, warrants and all existing rights to acquire Highwood Common Shares were cancelled;

   (e) Highwood transferred to Beta the Transferred Properties in return for 11,820,469 Beta Common Shares;

   (f) Dynatec Newco and Highwood amalgamated to continue as a single corporation ("Amalco") on the basis that:

      (i) each outstanding DynatecNewco Common Share was exchanged for one common share ("Amalco Common Share") in the capital of Amalco;

      (ii) Highwood Common Shares (other than those held by Dynatec Newco, Dynatec or Dissenting Shareholders) were exchanged at such person's election, but subject to certain proration adjustments described in the Highwood Circular (as hereinafter defined) for:

         (1) one class A preferred share (“Amalco Class A Preferred Share”) of Amalco for each on Highwood Common Shares (the "Share Election"); or

         (2) one class B preferred share (“Amalco Class B Preferred Share”) of Amalco for each one Highwood Common Share (the "Cash Election"); or

         (3) a fraction of one Amalco Class A Preferred Share and a fraction one of Amalco Class B Preferred Share for each one Highwood Common Shares (the "Cash and Share Election");

      (iii) Highwood Common Shares held by Dynatec Newco were cancelled without repayment of capital.

11. each Class A Preferred Share was immediately redeemed upon issuance for one Beta Common Share and each Class B Preferred Share was immediately redeemed upon issuance for cash equal to $0.145;

12. the sum of the fraction of an Amalco Class A Preferred Share and an Amalco Class B Preferred Share elected under the Cash and Share Election was not permitted to exceed one, and the amount of cash a Shareholder making the Cash Election or the Cash and Share Election received subject to proration;

13. as at December 2, 2002 and after completing the Arrangement, Dynatec was the registered and beneficial owner of a total of 5,972,345 Beta Common Shares, representing approximately 25%

of the 23,885,965 issued and outstanding Beta Common Shares;

14. Dynatec is listed for trading on the Toronto Stock Exchange;

15. the head office of Dynatec is located in Richmond Hill, Ontario;

16. Beta has a significant connection to the Province as a result of over 20% of the Beta Common Shares being registered in the name of and being beneficially held by persons resident in the Province of Ontario;

17. the TSX Venture Exchange has accepted the listing of the Beta Common Shares for trading;

18. trading on the TSX Venture Exchange in the Beta Common Shares commenced on December 13, 2002;

19. Beta is an electronic filer under National Instrument 13-101;

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 Applicant is deemed to be a reporting issuer for the purposes of the Act.

December 17, 2002.

"Iva Vranic"

2.2.3 Schroder Ventures North America Inc. - s. 211 of Reg. 1015

Headnote

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

Statutes Cited

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

Regulations Cited

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

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

AND

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

AND

IN THE MATTER OF
SCHRODER VENTURES NORTH AMERICA, INC.

ORDER
(Section 211 of the Regulation)

UPON the application (the "Application") of Schroder Ventures North America Inc. (the "Applicant") to the Ontario Securities Commission (the "Commission") for an order, pursuant to section 211 of the Regulation, exempting the Applicant from the requirement in subsection 208(2) of the Regulation that the Applicant carry on the business of an underwriter in a country other than Canada, for the Applicant to be registered under the Act as a dealer in the category of "international dealer";

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

AND UPON the Applicant having represented to the Commission that:

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

2. The Applicant is a corporation incorporated under the laws of the state of Delaware, U.S.A. The Applicant's principal place of business in the United States of America (the "U.S.") is located in Boston, Massachusetts, U.S.A.

3. The Applicant is registered as a broker-dealer in the U.S. with the U.S. Securities and Exchange Commission, and is a member in good standing of the National Association of Securities Dealers, Inc. The Applicant is also registered in good standing as a broker-dealer in the Commonwealth of Massachusetts.

4. The Applicant carries on the business of a broker-dealer in the United States (as defined in sections 3(a)(4) and 3(a)(5) of the *Securities Exchange Act* of 1934). The Applicant trades in global securities for U.S. and foreign institutional customers.

5. The Applicant does not currently act as an "underwriter" in the United States (as defined in section 3(a)(20) of the *Securities Exchange Act* of 1934, as amended) or in any jurisdiction outside of the U.S.

6. In the absence of the relief requested in this Application, the Applicant would not meet the requirements of the Regulation for registration as an "international dealer" as it does not carry on the business of an underwriter in a country other than Canada.

7. The Applicant does not currently act as an underwriter in Ontario and will not act as an underwriter in Ontario if it is registered under the Act as an "international dealer", despite the fact that subsection 100(3) of the Regulation provides that an "international dealer" is deemed to have been granted registration as an underwriter for the purposes of a distribution which it is permitted to make.

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

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

(a) the Applicant carries on the business of a dealer in a country other than Canada; and

(b) notwithstanding subsection 100(3) of the Regulation, the Applicant shall not act as an underwriter in Ontario.

January 7, 2003.

"Howard I. Wetston" "Theresa McLeod"

2.3 Rulings

2.3.1 National Bank Trust Inc. - ss. 74(1)

Headnote

Provincial trust corporation exempted from registration requirement in clause 25(1)(a) of the Act for trades in securities where the purchaser is an account that is fully managed by the trust corporation, subject to terms and conditions.

Statutes Cited

An Act Respecting Trust Companies and Savings Companies, R.S.Q., c. S-29.01, as am.
Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1)(a), 35(1)3, 35(1)3(ii), 35(3), 74(1).
Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am.
Bank Act, S.C. 1991, c. 46.

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 98, 204(1), 209, 209(1)(h), 209(10).

Rules Cited

Ontario Securities Commission Rule 31-503 Limited Market Dealers, ss. 2.2, 4.1.
Ontario Securities Commission Rule 32-502 Registration Exemption for Certain Trades by Financial Intermediaries.
Ontario Securities Commission Rule 32-503 Registration and Prospectus Exemption for Trades by Financial Intermediaries in Mutual Fund Securities to Corporate Sponsored Plans.
Ontario Securities Commission Rule 45-501 Exempt Distributions, s. 1.1(y), 2.3, 3.1, 3.4.

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

AND

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

AND

IN THE MATTER OF
NATIONAL BANK TRUST INC.

RULING
(Subsection 74(1) of the Act)

UPON the application (the "Application") of National Bank Trust Inc. (the "Trust Company") to the Ontario Securities Commission (the "Commission") for a ruling, pursuant to subsection 74(1) of the Act, that the Trust Company shall not be subject to the registration requirement in clause 25(1)(a) of the Act in respect of any trade in securities (a "Managed Account Trade"), that is made by the Trust Company, as principal or agent, where the purchaser is an account that is fully managed by the Trust Company, as agent or trustee;

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

AND UPON the Trust Company having represented to the Commission that:

1. The Trust Company is incorporated under and governed by an *Act Respecting Trust Companies and Savings Companies* (Quebec).

2. The Trust Company is registered as a trust corporation under the *Loan and Trust Corporations Act* and, therefore, is a "financial intermediary" as defined in subsection 204(1) of the Regulation.

3. The Trust Company is registered under the Act as an adviser in the categories of "investment counsel" and "portfolio manager".

4. The Trust Company is a wholly-owned subsidiary of National Bank of Canada, a bank listed in Schedule I to the *Bank Act* (Canada).

5. Subparagraph 3(ii) of subsection 35(1) of the Act provides that "subject to the regulation, registration is not required in respect of …. [a] trade where the party purchasing as principal, but not as underwriter, is, … [a] trust corporation registered under the *Loan and Trust Corporations Act*".

6. Subsection 35(3) of the Act provides that "For the purposes of subsection (1), a trust corporation registered under the *Loan and Trust Corporations Act* shall be deemed to be acting as principal when it trades as trustee or as agent for accounts fully managed by it".

7. Ontario Securities Commission Rule 32-502 "*Registration Exemption for Certain Trades by Financial Intermediaries*" ("Rule 32-502") provides that section 25 of the Act does not apply to a trade by a financial intermediary of the type described in subsection 35(1) of the Act, but Rule 32-502 also provides that this exemption does not apply to a trade in a security of a mutual fund.

8. Section 3.1 of Ontario Securities Commission Rule 45-501 "*Exempt Distributions*" ("Rule 45-501) provides that the exemptions from the registration requirement contained in paragraph 3 of subsection 35(1) of the Act are not available for a trade in a security. However, Rule 45-501:

   (i) includes in the definition of "accredited investor" in section 1.1, in clause (y), "an

account that is fully managed by a trust corporation registered under the *Loan and Trust Corporations Act*";

(ii) provides in section 2.3 that section 25 of the Act does not apply to a trade in a security if the purchaser is an accredited investor and purchases as principal;

(iii) provides in section 3.4 that the exemption in section 2.3 is not available to a market intermediary if the market intermediary is not a limited market dealer.

9. If the Trust Company obtained registration under the Act as a limited market dealer, the Trust Company would be able to make Managed Account Trades pursuant to Rule 45-501.

10. Section 2.2 of Ontario Securities Commission Rule 31-503 "*Limited Market Dealers*" ("Rule 31-503") provides that a financial intermediary shall not be registered as a limited market dealer, unless an exemption from this provision is obtained from the Director pursuant to section 4.1 of Rule 31-503.

11. At the time the Regulation was amended to withdraw registration exemptions from market intermediaries in order to implement the concept of "universal registration", there was added to the categories of registration, in section 98 of the Regulation, the category of "financial intermediary dealer", which paragraph 2 of section 98 of the Regulation defines as "a financial intermediary that is registered solely for the purpose of trading in securities in accordance with section 209 of the Regulation".

12. Clause 209(1)(h) of the Regulation contemplates that a financial intermediary, that is not regulated by the federal Office of the Superintendent of Financial Institutions ("OSFI"), and that obtains registration under the Act as a financial intermediary dealer, may act as a market intermediary for the purpose of "trading as principal or agent with or for accounts fully managed by the financial intermediary as agent or trustee".

13. Subsection 209(10) of the Regulation provides that a financial intermediary regulated by OSFI is not required to obtain registration as a dealer for the purpose of trading as described in subsection 209(1) of the Regulation, including trading described in clause 209(1)(h) of the Regulation.

14. Through Rule 32-502, and Ontario Securities Commission Rule 32-503 "*Registration and Prospectus Exemption for Trades by Financial Intermediaries in Mutual Fund Securities to Corporate Sponsored Plans*", the Commission has, generally, deferred the application of universal registration to financial intermediaries, and, to date, has not registered any financial intermediary as a financial intermediary dealer.

15. If the Trust Company were regulated by OSFI, the Trust Company would be able to make Managed Account Trades in reliance upon the registration exemption contained in subsection 209(10) of the Regulation.

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

IT IS RULED, pursuant to subsection 74(1) of the Act, that the Trust Company shall not be subject to the registration requirement in clause 25(1)(a) of the Act in respect of any trades that are Managed Account Trades, provided that:

(A) at the time of the trade, the Trust Company is registered under the *Loan and Trust Corporations Act* as a trust corporation and is registered under the Act as an adviser in the category of "portfolio manager"; and

(B) this Ruling shall terminate upon the earlier of:

(i) the day the Trust Company becomes a financial intermediary regulated by OSFI;

(ii) the day of any revocation of clause 209(1)(h) or subsection 209(10) of the Regulation;

(iii) the day of coming into force of any successor provision to clause 209(1)(h) or subsection 209(10) of the Regulation; or

(iv) the day that is one year after the coming into force, subsequent to the date hereof, of a rule or other regulation under the Act that relates, in whole or part, to any trading by persons or companies that are registered under the Act, either as a portfolio manager or as a financial intermediary dealer, or both, in securities, to an account of a client, in respect of which the person or company has full discretionary authority to trade in securities for the account, without obtaining the specific consent of the client to the trade, but does not include any rule or regulation that is specifically identified by the

Commission as not applicable for these purposes.

November 15, 2002.

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

2.3.2 Lloyd's Corporation - ss. 74(1)

Headnote

Society that provides administrative, accounting and regulatory services to a brokered specialist insurance market exempted from adviser registration requirements in clause 25(1)(c) of the Act in connection with the society acting as an adviser in respect of the assets that comprise certain trust funds – Trust funds established to comply with regulatory capital requirements under the Insurance Companies Act (Canada).

Statutes Cited

Lloyd's Act 1871 (U.K.), 1871, c. 21.
Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 25, 74(1).
Insurance Companies Act, S.C. 1991, c. 47.
Lloyd's Act 1982 (U.K.), 1982, c. 14.
Canada Business Corporations Act, R.S.C. 1985, c. C-44.
Financial Services and Markets Act 2000 (U.K.), 2000, c. 8.
Insurance Act, R.S.O. 1990, c. I.8.

Regulation Cited

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

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

AND

IN THE MATTER OF
THE SOCIETY OF LLOYD'S

RULING
(Subsection 74(1)

UPON the application (the "Application") of the Society incorporated by Lloyd's Act 1871 (U.K.) by the name of Lloyd's (the "Lloyd's Corporation") to the Ontario Securities Commission (the "Commission") for a ruling, pursuant to subsection 74(1) of the Act, that Lloyd's Corporation shall not be subject to clause 25(1)(c) of the Act in connection with Lloyd's Corporation acting as a portfolio adviser for funds deposited in trust by underwriting members ("Members") of Lloyd's Corporation pursuant to the *Insurance Companies Act* (Canada) (the "Federal Insurance Companies Act");

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

AND UPON Lloyd's Corporation having representing to the Commission that:

1. Lloyd's is a self-regulating organisation operating under the provisions of *Lloyd's Act 1982* (U.K.) (the "Lloyd's Act").

2. The governing body of Lloyd's Corporation is the Council of Lloyd's (the "Council"). Section 6(1) of the Lloyd's Act provides that the Council shall have responsibility for the management and superintendence of the affairs of the Lloyd's Corporation and the power to regulate and direct the business of insurance at Lloyd's (the "Lloyd's Market"). The Council is ultimately responsible for regulating the Lloyd's Market under the Lloyd's Act. Lloyd's Corporation provides administrative, accounting and regulatory services to the Lloyd's Market.

3. Lloyd's Corporation has also recently incorporated Lloyd's Canada Inc. (the "Canadian Subsidiary"), a wholly-owned subsidiary under the *Canada Business Corporations Act*, to perform some of its functions in Canada.

4. Lloyd's Corporation is not registered as an adviser under the Act or under the securities legislation of any other Canadian jurisdiction.

5. None of Lloyd's Corporation, the Canadian Subsidiary nor the Lloyd's Market is an "insurance company" as referred to in the Act.

6. The Lloyd's Market is a brokered market that focuses on, among other things, high risk, specialist insurance for businesses. The Lloyd's Market is comprised of a number of underwriting syndicates ("Syndicates") that both compete and co-operate.

7. The capital supporting risks underwritten by Syndicates at Lloyd's Market is provided by either individual Members, who trade with unlimited liability, or corporate Members, who trade with limited liability. Members must satisfy financial requirements laid down by the Council. Individual members are sometimes known as "Names".

8. There are currently 86 Syndicates underwriting in the Lloyd's Market for the 2002 year of account, nearly all of whom underwrite Canadian business. In 2001, there were 143 Members resident in Canada, of whom 73 were resident in Ontario.

9. The Members of each Syndicate appoint a Lloyd's Corporation underwriting agent (a "Managing Agent") to act as agent of the Member for the purpose of accepting risks on behalf of the Syndicate, including conducting that part of the Canadian business carried on by the Member as a member of that Syndicate. While Managing Agents are permitted by Lloyd's Corporation to carry on business as underwriting agents at Lloyd's Market and are regulated and supervised by Lloyd's Corporation, Lloyd's Corporation does not own them. The Managing Agents are resident in the U.K.

10. The investment management activities of the Lloyd's Corporation and of each of the Managing Agents are conducted in accordance with the *Financial Services and Markets Act 2000* (U.K.) (the "UK Financial Services Act"). Under the UK Financial Services Act, a person who carries on a "regulated activity" such as investment management, needs to be either an "authorised person" or an "exempt person" and, where authorised, needs to have permission either expressly given to the person by the Financial Services Authority (the " UK Financial Services Authority") under Part IV of the UK Financial Services Act or resulting from any other provision of the UK Financial Services Act. The Lloyd's Corporation is an "authorised person" under the UK Financial Services Act and has permission under that Act to act as an investment manager under that Act in connection with the carrying on by Members of the insurance business. Each of the Managing Agents is also an "authorised person" under the UK Financial Services Act and has been given permission by the UK Financial Services Authority to act as an investment manager in connection with managing the insurance business of Syndicates.

11. Under the Federal Insurance Companies Act, Lloyds Members, collectively, are authorised to insure risks as a "foreign company". Under the Federal Insurance Companies Act, "foreign company" is defined to include an "association", within the meaning of Part XIII of the Federal Insurance Companies Act, the insurance of risks in Canada of which has been approved by order of the Superintendent of Financial Institutions (the "Federal Superintendent") under Part XIII of the Federal Insurance Companies Act; and, an "association" is defined to mean an association of persons formed in a foreign country on the plan known as Lloyd's, whereby each member of the association participating in a policy becomes liable for a stated, limited or proportionate part of the whole amount payable under the policy. In addition to being governed by the Federal Insurance Companies Act, Members, collectively, are licensed as insurers under applicable insurance legislation in all provinces and territories to transact most classes of insurance, and the relevant Canadian business of Members is subject to and governed in accordance with the applicable requirements of such legislation in the same manner as any other licensed insurer. Syndicates, in turn, accept business from around 580 approved local broker firms, or "correspondents", across Canada.

12. None of the mind or management of Lloyd's Corporation or the Managing Agents is in Ontario.

13. Under the Federal Insurance Companies Act, all insurers that are foreign companies are required to maintain a trust fund for solvency purposes.

Lloyd's Corporation Members comply with this requirement in the form of the Lloyd's Canadian Trust Fund (the "Canadian Trust Fund") and the Lloyd's Canadian margin fund (the "Canadian Margin Fund"). The Canadian Trust Fund and Canadian Margin Fund have been established to comply with the regulatory capital requirements under the Federal Insurance Companies Act. The Federal Superintendent has approved, and is a party to, trust agreements (each, a "Trust Deed") for each of the Canadian Trust Fund and the Canadian Margin Fund.

14. The Federal Insurance Companies Act requires each Member to maintain a trust fund in relation to its insurance risks in Canada. The Canadian Trust Fund is a collective term for a number of distinct and separate funds of individual trusts which have been established for each Member (each, a "Member's Canadian Trust Fund"). Each Member's Canadian Trust Fund receives all Canadian situs risk net insurance premiums, and is used to pay all claims and expenses related to the Canadian situs risk insurance underwriting business of the Member.

15. The Canadian Margin Fund is a joint trust fund which is available to satisfy "matured claims" against any Member, the beneficiaries of which are policyholders, third-party claimants and, ultimately, certain Members that are current contributors. The Council has discretionary investment powers under the Canadian Margin Fund.

16. At December 31, 2001, the Canadian Trust Fund was valued at approximately $1,138,000,000 and the Canadian Margin Fund was valued at approximately $176,000,000.

17. Royal Trust Corporation of Canada, at its Toronto offices, acts as trustee (the "Trustee") for each of the Canadian Trust Fund and the Canadian Margin Fund, and each Fund is governed by a Trust Deed between Lloyd's Corporation, the Trustee and the Federal Superintendent.

18. Pursuant to the Trust Deed for the Canadian Trust Fund, each Managing Agent has investment discretion with respect to that portion of the Canadian Trust Fund attributable to the Canadian business of Members carried on by the Managing Agent.

19. In order to enhance returns and reduce costs, Lloyd's Corporation is proposing to invite Managing Agents to invest the assets of the Canadian Trust Fund, in respect of which they have investment discretion, in a commingled investment account (the "Commingled Account") established for the assets of the Canadian Margin Fund, by way of an undivided *pro rata* share of each investment in the Commingled Account.

20. The Council has appointed the Lloyd's Treasury Services ("Treasury Services") department, which comprises officers and employees of Lloyd's Corporation, as investment manager of the Canadian Margin Fund, which investment management functions are over-seen by an employee of Lloyd's Treasury Services department who is a person approved by the UK Financial Services Authority. Because the Canadian Margin Fund will provide a substantial portion of the assets for the Commingled Account, the Treasury Services department will also act as investment manager for the Commingled Account and as such will have the exclusive authority to make all investment decisions with respect to funds available for investment.

21. The investment activities of the Managing Agents and the Treasury Services department are functionally the same as the investment activities of any other insurance company in respect of its regulatory and working capital.

22. Although an "association" (as defined in the Federal Insurance Companies Act) is a "foreign company" for purposes of the Federal Insurance Companies Act, neither the Act nor the *Insurance Act* (Ontario) contains a similar definition. Neither the Act nor the *Insurance Act* (Ontario) defines the term "insurance company". The word "company" is defined in the Act, but it requires an entity to be incorporated. The term "insurance company" is used in the *Insurance Act* (Ontario), but specific references are also made to licensing syndicates, suggesting that Syndicates are not insurance companies within the meaning of the *Insurance Act* (Ontario). Section 42(1) of the *Insurance Act* (Ontario) enumerates classes of insurers to whom licences may be issued, including "underwriters or syndicates of underwriters operating under the plan known as Lloyd's".

23. Each of the Canadian Trust Fund and the Canadian Margin Fund is constituted to provide regulatory capital or "assets in Canada" as required under the Federal Insurance Companies Act for the protection of the interests of policyholders and not primarily as an investment fund for Members.

24. To the extent Lloyd's Corporation is considered to be acting as an adviser in Ontario in connection with its Treasury Services acting as investment manager for the Commingled Account, it cannot rely on the exemption from clause 25(1)(c) of the Act that is made available in clause 34(a) of the Act to an "insurance company licensed under the Insurance Act". Nor can Lloyd's Corporation rely on the exemption from clause 25(1)(c) that is made available to such insurance companies that are regulated by the federal Office of the Superintendent of Financial Institutions in

accordance with clause 209(10)(b) of Regulation 1015 made under the Act.

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

IT IS RULED, pursuant to subsection 74(1) of the Act, that Lloyd's Corporation is not subject to the requirements of clause 25(1)(c) of the Act in connection with Lloyd's Corporation acting an adviser in respect of the assets that comprise the Canadian Trust Fund or the Canadian Margin Fund.

June 4, 2002.

"Paul M. Moore" "Robert W. Korthals"

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Expire
North American Detectors Inc.	7 Jan 02	17 Jan 02		
Veris Biotechnology Corporation	07 Jan 02	17 Jan 02		
AimGlobal Technologies Company Inc.	20 Dec 02	31 Dec 02	02 Jan 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
Richtree Inc.	20 Dec 02	03 Jan 03	03 Jan 02		

4.3.1 Issuer CTO's Revoked

Company Name	Date of Revocation
FT Capital Ltd.	07 Jan 02

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service 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
19-Dec-2002	Ottawa Biotechnology Innovation Fund Inc.	2019844 Ontario Inc. - Notes	1,000,000.00	1.00
17-Dec-2002	New Generation Biotech (Equity) Fund Inc.	Affinium Pharmaceuticals, Inc. - Convertible Debentures	1,500,000.00	1.00
18-Dec-2002	3 Purchasers	Anaconda Gold Corp. - Units	169,000.00	768,181.00
21-Nov-2002	N/A	Bearcat Explorations Ltd. - Common Shares	150,000.00	1,000,000.00
20-Dec-2002	TIP No. 1;TIPGP No. 1 Inc.	Betacom Corporation Inc. - Notes	1,590,000.00	1.00
20-Dec-2002	5 Purchasers	Bioteq Environmental Technologies Inc. - Units	2,025,000.00	4,050,000.00
17-Dec-2002	5 Purchasers	BTI Photonics Inc. - Preferred Shares	11,639,917.25	45,972,395.00
18-Dec-2002	CMP 2002 Resources Ltd.	Carvelle Capital Inc. - Common Shares	543,747.30	1,812,491.00
13-Dec-2002	7 Purchasers	Casero Inc. - Common Shares	719,900.00	719,900.00
10-Dec-2002	CIBC WMV;Inc.;Royal Bank of Canada	CashEdge Inc. - Preferred Shares	6,748,450.00	5,452,852,875.00
19-Dec-2002	RoyNat Capital Inc.	CDI Education Corporation - Common Shares	4,000,000.00	1.00
25-Nov-2002	N/A	Chantry Networks Inc. - Shares	0.00	11,375,000.00
20-Dec-2002	7 Purchasers	Cinch Energy Corp. - Special Warrants	527,081.00	673,068.00
19-Dec-2002	11 Purchasers	Conquest Resources Limited - Common Shares	600,246.00	3,334,800.00
12-Dec-2002	5 Purchasers	Continuum Resources Ltd. - Common Shares	412,500.00	1,550,000.00

13-Dec-2002	Wirth & Associates;Strategic Capital Partners Inc.	Corridor Resources Inc. - Common Shares	357,300.00	900,000.00
25-Nov-2002	19 Purchasers	Cymat Corp. - Special Warrants	7,760,500.00	6,208,400.00
11-Dec-2002	Bodejo Investments Ltd.	Deans Knight Bond Fund - Trust Units	1,000,000.00	2,292.00
23-Dec-2002	T.R.L. Investments Limited	Defiant Energy Corporation - Flow-Through Shares	250,000.00	156,250.00
06-Dec-2002	3 Purchasers	Delex Therapeutics Inc. - Preferred Shares	5,247,435.18	3,068,676.00
11-Dec-2002	CMP 2002 Resources Limited Partnership	Diamonds North Resources Ltd. - Units	605,500.00	865,000.00
28-Nov-2002	Colin Webster	eDeal Services Corp. - Common Shares	106,395.00	193,798.00
28-Nov-2002	J. L. Alberight III Venture Fund	eDeal Services Corp. - Special Warrants	3,300,000.00	5,901,735.00
20-Sep-2002	First Ontario Labour Sponsored Investment Fund;Malcolm Powell	Eco Waste Solutions Inc. - Common Shares	0.00	62,680.00
16-Dec-2002	9 Purchasers	Eco Waste Solutions Inc. - Preferred Shares	4,394,677.00	5,071,831.00
16-Dec-2002	VentureLink Brighter Future (Equity) Fund Inc.	Eco Waste Solutions Inc. - Preferred Shares	1,200,000.00	1,200,000.00
20-Dec-2002	E2 Venture Fund Inc.	Eco Waste Solutions Inc. - Preferred Shares	500,000.00	500,000.00
23-Dec-2002	8 Purchasers	Energy North Inc. - Common Shares	315,000.00	1,260,000.00
13-Dec-2002	3 Purchasers	Enerworks Inc. - Preferred Shares	970,002.14	2,313,975.00
29-Nov-2002	3 Purchasers	Eravista Energy Corp. - Shares	136,500.00	65,000.00
19-Dec-2002	25 Purchasers	First Quantum Minerals Ltd. - Special Warrants	9,503,000.00	2,924,000.00
16-Dec-2002	ECS Exploration & Costruction Services	Freegold Ventures Limited - Units	10,000.00	25,000.00
20-Dec-2002	The VenGrowth Advanced Life Sciences Fund Inc.	GB Therapeutics Ltd. - Debentures	4,000,000.00	4,800,000.00
18-Dec-2002	5 Purchasers	Gentry Resources Ltd. - Common Shares	1,690,000.00	1,039,394.00
10-Dec-2002	7 Purchasers	Great Northern Exploration Ltd. - Flow-Through Shares	2,899,710.00	999,900.00
16-Dec-2002	Cameron Capital Corporation	Hair Club Group Inc. - Common Shares	3,398,034.00	707,924.00

16-Dec-2002	3 Purchasers	Hair Club Group Inc. - Common Shares	0.00	908,177.00
30-Nov-2002	43 Purchasers	Hillsdale Canadian Aggressive Hedged Equity Fund - Trust Units	5,100,645.60	178,502.00
21-Jun-2001	2000 Blumenthal Family Trust	Hillsdale Canadian Aggressive Hedged Equity Fund - Trust Units	150,000.00	11,007.00
23-May-2001	Anna Guthrie	Hillsdale Canadian Aggressive Hedged Equity Fund - Trust Units	50,000.00	3,602.00
30-Nov-2001 11/30/02	13 Purchasers	Hillsdale Canadian Aggressive Hedged Equity Fund - Trust Units	2,822,800.80	79,729.00
06-Nov-2001 11/26/01	Hillsdale Investment Management Inc.;John Graziano	Hillsdale Canadian Aggressive Hedged Equity Fund - Trust Units	398,037.00	32,855.00
30-Nov-2001 11/30/01	5 Purchasers	Hillsdale US Aggressive Hedged Equity Fund - Trust Units	400,808.75	29,180.00
26-Jan-2001	Daniel Daviau	Hillsdale US Aggressive Hedged Equity Fund - Trust Units	397,125.00	24,429.00
26-Jan-2001 7/26/01	5 Purchasers	Hillsdale US Aggressive Hedged Equity Fund - Trust Units	552,879.89	34,089.00
25-May-2002	Peter Turk	Hillsdale US Market Neutral Equity Fund - Trust Units	38,200.00	2,110.00
19-Dec-2002	New Millennium Internet Fund;The VenGrowth II Investment Fund Inc.	IceFyre Semiconductor Corporation - Preferred Shares	8,012,964.85	14,588,636.00
05-Dec-2002	Bank of Montreal	IMC Global Inc. - Notes	2,170,000.00	2,000,000.00
18-Dec-2002	Venturelink Brighter Futures (Equity) Fund Inc.;Yorkton Securities Inc.	Innovative Water & Sewer Systems Inc. - Rights	0.00	0.00
19-Dec-2002	Ottawa Biotechnology Innovation Fund Inc.	Interface Biologics Inc. - Notes	1,000,000.00	1.00
09-Dec-2002	5 Purchasers	International Bio Recovery Corporation - Common Shares	688,845.00	2,279,485.00
20-Dec-2002	VentureLink Financial Services	Kensington Capital Partners Limited - Debentures	1,500,000.00	1.00
12-Dec-2002	8 Purchasers	Ketch Resources Ltd. - Common Shares	4,211,298.20	1,276,151.00
20-Dec-2002	3 Purchasers	LAB International Inc. - Units	1,005,000.00	670,000.00
19-Dec-2002	The Discovery District Biotechnology Fund Inc.	matRegen Corp. - Notes	1,000,000.00	1.00

20-Nov-2002	4 Purchasers	Maddocks Systems Inc. - Debentures	5,000,010.00	555,958.00
20-Dec-2002	Venturelink Financial Services Innovation Fund Inc.	Marret Asset Management Inc. - Debentures	1,000,000.00	1.00
18-Dec-2002	The Canada Life Assurance Company	MDS Inc. - Notes	7,768,500.00	6.00
13-Dec-2002	Eveleigh Geological Consulting Ltd.	Mesa Resources Inc. - Shares	29,000.00	290,000.00
02-Dec-2002	Gowlings Canada Inc.	Mitel Networks Corporation - Common Shares	13,284.00	3,321.00
31-Oct-2002	Owens Corning Canada Inc.	Morgan Stanley - Units	1,517,033.15	155,790.00
31-Oct-2002	Owens Corning Canada Inc	Morgan Stanley - Units	1,582,025.95	162,464.00
05-Dec-2002	3 Purchasers	Navaho Networks Inc. - Common Shares	159,000.00	159,000.00
23-Dec-2002	10 Purchasers	Northgate Exploration Limited - Common Shares	1,270,000.00	635,000.00
16-Dec-2002	Celtic House Venture	OctigaBay Systems Corporation - Preferred Shares	5,000,000.02	12,195,122.00
11-Dec-2002	21 Purchasers	Oiltec Resources Ltd. - Common Shares	3,864,900.00	1,486,500.00
29-Nov-2002	4 Purchasers	Planet Exploration Inc. - Units	51,800.00	140,000.00
18-Dec-2002	Brian Goldberg	Purcell Energy Ltd. - Common Shares	10,500.00	3,500.00
13-Dec-2002 12/16/02	3 Purchasers	Rally Energy Corp. - Flow-Through Shares	250,200.00	417,000.00
05-Nov-2002	Venture Link Brighter Futures (Equity) Fund Inc.;E2 Ventures Fund Inc.	RTICA Corporation - Common Shares	2,200,000.00	2,200,000.00
05-Nov-2002	SGF Chime Inc.	RTICA Corporation - Units	300,000.00	1,000,000.00
18-Dec-2002	Venturelink Brighter Futures (Equity) Fund Inc.	R.W. Connelly Associates Inc. - Units	1,200,000.00	2,400,000.00
12-Dec-2002	Paul Grenneli	Second World Trader Inc. - Certificate	680.00	4.00
17-Dec-2002	70 Purchasers	ShawCor Ltd. - Shares	93,641,948.00	7,223,996.00
19-Dec-2002	8 Purchasers	Shore Gold Inc. - Units	392,700.00	436,332.00
20-Dec-2002	4 Purchasers	SiberCore Technologies Incorporated - Units	501,312.00	1,543,166.00
20-Dec-2002	Lawrence Technology Venture Fund LP;Fraser Milner Casgrain LLP	SiGe Semiconductor Inc. - Preferred Shares	154,972.06	154,972.00

20-Dec-2002	5 Purchasers	SiGe Semiconductor Inc. - Shares	14,262,344.23	17,714,994.00
17-Dec-2002	6 Purchasers	Southpoint Resources Ltd. - Common Shares	1,468,500.00	890,000.00
06-Dec-2002	Claridge Israel LLC	Stake Technology Ltd. - Convertible Debentures	7,805,500.00	5,000,000.00
16-Dec-2002	54 Purchasers	Stratic Energy Corporation - Special Warrants	360,079.00	6,167,181.00
29-Nov-2002	CMP 2002 Resource Limited Partnership;Dundee Securities Corp.	Tearlach Resources Limited - Flow-Through Shares	520,000.00	856,000.00
13-Dec-2002	Brent Ramsey	Tengtu International Corp. - Units	82,000.00	50,000.00
24-Sep-2002	Offering Memorandum	The Alpha Fund - N/A	0.00	0.00
16-Dec-2002	Murray M. Sinclair	The Boyd Group Inc. - Debentures	100,000.00	100.00
17-Dec-2002	TD Securities Inc.	The Consumers' Waterheater Operating Trust - Notes	500,000,000.00	1.00
13-Dec-2002	4 Purchasers	The MaRS Development Trust - Bonds	49,300,000.00	49,300,000.00
13-Dec-2002	3945260 Canada Limited	Thomas Weisel Global Growth Partners II (ES) - Limited Partnership Interest	76,925,000.00	1.00
13-Dec-2002	3945260 Canada Limited	Thomas Weisel Global Growth Partners II (ES) - Limited Partnership Interest	38,462,500.00	1.00
19-Dec-2002	The VenGrowth Advanced Life Sciences Fund;Canadian medical Discoveries Fund	Transplantation Technologies Inc. - Preferred Shares	7,500,000.00	5,639,098.00
17-Dec-2002	3 Purchasers	United Rentals, Inc. - Notes	6,190,124.32	3.00
16-Dec-2002	Royal Bank of Canada;Trudell Medical Limited	Viron Therapeutics Inc. - Convertible Debentures	205,000.00	2.00
17-Dec-2002	N/A	Viventia Biotech inc. - Units	10,000,000.00	71,428,570.00
20-Dec-2002	8 Purchasers	Watch This Inc. - Common Shares	155,892.00	779,466.00
10-Dec-2002	N/A	Wedona Energy Inc. - Flow-Through Shares	100,000.00	20,000.00
18-Dec-2002	N/A	Winstar Resources Ltd. - Flow-Through Shares	1,768,000.00	4,420,000.00
27-Nov-2002	Robert B.Schultz	WNS Emergent Inc. - Common Shares	10,000.00	100,000.00

18-Dec-2002	The Rose Corporation	World Heart Corporation - Warrants	1.00	400,000.00
18-Dec-2002	Business Development Bank of Canada	x.eye Inc. - Common Shares	0.96	1,927.00
18-Dec-2002	New Feneration Biotech (Equity) Fund Inc.	Xillix Ltd. - Units	2,000,000.10	9,523,810.00

RESALE OF SECURITIES - (FORM 45-501F2)

Transaction Date	Seller	Security	Total Selling Price	Number of Securities
25-Oct-2002	Stonestreet Limited Partnership	ADB Systems International Inc. - Common Shares		1,223,500.00
23-Dec-2002	The Willows Development Ltd.	Venstar Inc. - Debentures		20,000.00

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
Douglas O. Vandekerkhove	ACD Systems International Inc. - Common Shares	20,000.00
M. S. Carr & associates Ltd.	Bitterroot Resources Ltd. - Common Shares	1,500,000.00
Larry Melnick	Champion Natural Health.com Inc. - Shares	29,900.00
John H. Kruzick	DRC Resoures Corporation - Common Shares	404,900.00
Estill Holdings Limited	EMJ Data Systems Ltd. - Common Shares	1,155,500.00
Glen R. Estill	EMJ Data Systems Ltd. - Common Shares	9,334.00
Kingfield Investments Limited	Extendicare Inc. - Common Shares	42,900.00
Taronga Holdings Limited	Extendicare Inc. - Common Shares	42,900.00
Hector Davila Santos	First Silver Reserve Inc. - Common Shares	135,000.00
Doug Goodfellow	Goodfellow Inc. - Common Shares	8,000.00
Great Pacific Capital Corp.	Westshore Terminals Income Fund - Trust Units	1,000,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
IPC US Income Commercial Real Estate Investment Trust
Type and Date:
Preliminary Prospectus dated January 7th, 2003
Receipt dated January 7th, 2003
Offering Price and Description:
Cdn. $31,345,232 - 3,172,758 Units issuable upon the exercise of 2,971,112 previously
issued Special Warrants @ $10.55 per Special Warrant
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Promoter(s):
-
Project #505801

Issuer Name:
The Consumers' Waterheater Operating Trust
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Prospectus dated January 7th, 2003
Mutual Reliance Review System Receipt dated January 8th, 2003
Offering Price and Description:
$ * * % Series 2003-1 A-1 Secured Notes
$ * * % Series 2003-1 A-2 Secured Notes
$ * * % Series 2003-1 A-3 Secured Notes
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
Enbridge Services Inc.
Project #495848

Issuer Name:
Tone Resources Limited
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated January 2nd, 2003
Mutual Reliance Review System Receipt dated January 6th, 2003
Offering Price and Description:
$1,000,000 - 2,000,000 Common Shares @ $0.50 per share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
Promoter(s):
Scott David Baxter
Project #505344

Issuer Name:
AIC Global Advantage Fund (formerly AIC World Advantage Fund)
AIC RSP Global Advantage Fund (formerly AIC RSP World Advantage Fund)
AIC Diversified Science & Technology Fund (formerly AIC Global Technology Fund)
AIC RSP Diversified Science & Technology Fund (formerly AIC RSP Global Technology Fund)
Principal Regulator - Ontario
Type and Date:
Amended and Restated Simplified Prospectuses and Annual Information Forms dated December 18th, 2002, amending and Restating Simplified Prospectuses and Annual Information Forms dated September 18th, 2002, amending and restating Simplified Prospectuses and Annual Information Forms dated August 21st, 2002
Mutual Reliance Review System Receipt dated 7th day of January, 2003
Offering Price and Description:
Mutual Funds Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
AIC Limited
Project #461981

Issuer Name:
BPI American Equity Sector Fund
BPI Global Equity Sector Fund
BPI International Equity Sector Fund
Harbour Sector Fund
Landmark American Sector Fund
Landmark Canadian Sector Fund
Signature Canadian Resource Sector Fund
Signature Dividend Sector Fund
Signature Explorer Sector Fund
Signature High Income Sector Fund
Signature Select Canadian Sector Fund
Harbour Fund
Harbour Foreign Equity Sector Fund
Harbour Growth & Income Fund
Signature Explorer Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 23rd, 2002 to Simplified Prospectuses and Annual Information Forms dated August 28th, 2002
Mutual Reliance Review System Receipt dated 31st day of December, 2002
Offering Price and Description:
Mutual Funds Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Mutual Funds Inc.
Project #471171

Issuer Name:
CI American Small Companies Sector Fund
CI Canadian Bond Sector Fund
CI Emerging Markets Sector Fund
CI European Sector Fund
CI Global Bond Sector Fund
CI Global Sector Fund
CI Global Small Companies Sector Fund
CI Global Value Sector Fund
CI International Balanced Sector Fund
CI International Sector Fund
CI International Value Sector Fund
CI Pacific Sector Fund
CI Canadian Asset Allocation Fund
CI Canadian Equity Fund
CI Canadian Investment Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 23rd, 2002 to Simplified Prospectuses and Annual Information Forms dated August 28th, 2002.
Mutual Reliance Review System Receipt dated 31st day of December, 2002.
Offering Price and Description:
Mutual Fund Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Mutual Fund Inc.
Project #474409

Issuer Name:
Clarica Growth Fund
Clarica Alpine Growth Equity Fund
Clarica Canadian Growth Equity Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated December 23rd, 2002 to Simplified Prospectuses and Annual Information Forms dated August 28th, 2002
Mutual Reliance Review System Receipt dated 3rd day of January, 2003
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Mutual Funds Inc.
Project #465930

Issuer Name:
Insight Canadian Growth Pool
Insight Canadian Small Cap Pool
Insight Canadian Value Pool
Insight Global Small Cap Pool
Insight U.S. Growth Pool
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 23rd, 2002 to Simplified Prospectuses and Annual Information Forms dated August 22nd, 2002
Mutual Reliance Review System Receipt dated 3rd day of January, 2003
Offering Price and Description:
Mutual Fund Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Mutual Funds Inc.
Project #466772

Issuer Name:
Mackenzie Universal Select Managers USA Capital Class
Mackenzie Universal Select Managers International Capital Class
Mackenzie Universal Emerging Technologies Capital Class
Mackenzie Universal World Science & Technology Capital Class
Mackenzie U.S. Managed Yield Capital Class
Mackenzie Universal U.S. Blue Chip Capital Class
Mackenzie Universal U.S. Emerging Growth Capital Class
Mackenzie Ivy European Capital Class
Mackenzie Universal Diversified Equity Capital Class
Mackenzie Universal Select Managers Capital Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 23rd, 2002 to Simplified Prospectuses and Annual Information Forms
dated October 28th, 2002
Mutual Reliance Review System Receipt dated 6th day of January, 2003
Offering Price and Description:
Series A, F, I, O and R Shares
Underwriter(s) or Distributor(s):
Mackenzie Financial Corporation
Promoter(s):
Mackenzie Financial Corporation
Project #482257

Issuer Name:
Azure Resources Corp.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated January 2nd, 2003
Mutual Reliance Review System Receipt dated 3rd day of January, 2003
Offering Price and Description:
$1,800,000 - 1,800,000 Units @ $0.03 per Unit and 3,150,000 Flow-Through Units @ $0.40 per Flow-Through Units.
Underwriter(s) or Distributor(s):
Wolverton Securities Ltd.
Promoter(s):
Adrian R. D. Rollke
Project #490347

Issuer Name:
Brookfield Homes Corporation
Principal Regulator - Ontario
Type and Date:
Final Non-Offering Prospectus dated December 31st, 2002
Mutual Reliance Review System Receipt dated 3rd day of January, 2003
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brookfield Homes Corporation
Project #490351

Issuer Name:
E2 Venture Fund Inc.
Type and Date:
Final Prospectus dated January 3rd, 2003
Receipt dated 6th day of January, 2003
Offering Price and Description:
(Class A Shares)
Underwriter(s) or Distributor(s):
-
Promoter(s):
TCU Sponsor Inc.
Triax Management Services Inc.
Project #499950

Issuer Name:
New Generation Biotech (Equity) Fund Inc.
Type and Date:
Final Prospectus dated December 27th, 2002
Receipt dated 31st day of December, 2002
Offering Price and Description:
(Class A Shares)
Underwriter(s) or Distributor(s):
TD Securities Inc.
Promoter(s):
TCU Sponsor Inc.
NGB Management Inc.
Project #498621

Issuer Name:
The Business, Engineering, Science & Technology Discoveries Fund Inc.
Type and Date:
Final Prospectus dated January 3rd, 2003
Receipt dated 7th day of January, 2003
Offering Price and Description:
(Class A Shares, Series I, Class A Shares Series II, Class A Shares, Series III)
Underwriter(s) or Distributor(s):
Promoter(s):
1208733 Ontario Inc and B.E.S.T. Capital Management Ltd.
Project #498444

Issuer Name:
Janus Global Equity Fund
Janus RSP Global Equity Fund
Mackenzie Cundill Recovery Fund
Mackenzie Cundill Value Fund
Mackenzie Cundill RSP Value Fund
Mackenzie Ivy European Fund
Mackenzie Ivy Foreign Equity Fund
Mackenzie Ivy RSP Foreign Equity Fund
Mackenzie Universal European Opportunities Fund
Mackenzie Universal RSP European Opportunities Fund
Mackenzie Universal International Stock Fund
Mackenzie Universal RSP International Stock Fund
Mackenzie Universal Select Managers Fund
Mackenzie Universal RSP Select Managers Fund
Mackenzie Universal World Growth RRSP Fund
Mackenzie Universal RSP Global Ethics Fund
Mackenzie Universal RSP Growth Trends Fund
Mackenzie Universal RSP Select Managers Far East Fund
Mackenzie Universal RSP Select Managers International Fund
Mackenzie Universal RSP Select Managers Japan Fund
Mackenzie Cundill Global Balanced Fund
Mackenzie Ivy Global Balanced Fund
Mackenzie Ivy RSP Global Balanced Fund
Mackenzie Universal World Income RRSP Fund
Mackenzie Universal World Tactical Bond Fund
Mackenzie Universal Canadian Resource Fund
Mackenzie Universal Financial Services Fund
Mackenzie Universal RSP Financial Services Fund
Mackenzie Universal Precious Metals Fund
Mackenzie Universal RSP Emerging Technologies Fund
Mackenzie Universal RSP Health Sciences Fund
Mackenzie Universal RSP World Science & Technology Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated December 20th, 2002
Mutual Reliance Review System Receipt dated 31st day of December, 2002
Offering Price and Description:
Series A, F, I and O Units @ Net Asset Value per Unit
Underwriter(s) or Distributor(s):
Mackenzie Financial Corporation
Quadrus Investment Services Ltd.
Cundill Funds Inc.
Peter Cundill & Associates Ltd.
Promoter(s):
Mackenzie Financial Corporation
Project #494068

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Clarus Securities Inc. 20 Queen Street West Suite 316 Toronto, ON, M5H 2R3	Investment Dealer Equities	December 31/02
New Registration	Clipper Advisors Ltd. 46 Dawlish Avenue Toronto, ON, M4N 1H1	Limited Market Dealer	January 02/03

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 IDA Disciplinary Hearing - William Gerard Armstrong

NEWS RELEASE
For immediate release

NOTICE TO PUBLIC: DISCIPLINARY HEARING

IN THE MATTER OF WILLIAM GERARD ARMSTRONG

January 2, 2003 (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 William Gerard Armstrong may be disciplined by the Association.

The hearing relates to allegations that while a Registered Representative at C.M. Oliver & Company Limited (now Canaccord Capital Corporation Inc.), Mr. Armstrong failed to used due diligence to ensure that the recommendations made for a client account were appropriate for the client and in keeping with the client's investment objectives, contrary to Association Regulation 1300.1(c). It is also alleged that Mr. Armstrong engaged in discretionary trading, contrary to Association Regulation 1300.4.

The hearing is scheduled to commence at at 9:30 AM on Tuesday, January 21, 2003, at 155 University Avenue, Suite 302, Toronto, Ontario. The hearing is open to the public except as may be required for the protection of confidential matters.

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

For further information, please contact:

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

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

13.1.2 OSC Approval of Amendments to IDA Regulation 200.1 – Minimum Records

AMENDMENTS TO IDA REGULATION 200.1
MINIMUM RECORDS

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved amendments to IDA Regulation 200.1 regarding Minimum Records subject to the conditions of (a) the correction of an oversight related to open commodity positions such that the requirement for monthly statements would remain; and (b) the inclusion of the term "exchange contract" in Regulation 200.1. In addition, the Saskatchewan Securities Commission approved, the Alberta Securities Commission did not disapprove and the British Columbia Securities Commission did not object to these amendments subject to the same conditions. The purpose of the amendments is to require the Members to send monthly statements to clients who have effected a transaction in their accounts for the month or whose account balances have been modified by the Members. For clients who have not effected a transaction but have a debit or credit position at the end of the quarter, quarterly statements would be provided. A copy and description of these amendments were published on July 5, 2002 at (2002) 25 OSCB 4347. No comments were received.

13.1.3 IDA Discipline Penalties Imposed on Peter Konidis – Violation of Regulation 1300.1(c)

Contact:
Elsa Renzella
Enforcement Counsel
(416) 943-5877

BULLETIN #3098
January 3, 2003

DISCIPLINE

DISCIPLINE PENALTIES IMPOSED ON PETER KONIDIS – VIOLATION OF REGULATION 1300.1(C)

Person Disciplined

The Ontario District Council of the Investment Dealers Association of Canada ("the Association") has imposed discipline penalties on Peter Konidis at the material time, a Registered Representative at ScotiaMcleod Inc. ("Scotia")

By-laws, Regulations, Policies Violated

On December 18, 2002, the Ontario District Council considered, reviewed and accepted a settlement agreement negotiated between Mr. Konidis and Association Staff.

Pursuant to the Settlement Agreement, Mr. Konidis admitted that in April 1998, on two occasions, he made recommendations to two clients relating to AlphaNet Telecom Inc. ("AlphaNet") that were not appropriate given their personal circumstances and not in keeping with their investment objectives, contrary to Regulation 1300.1(c).

Penalty Assessed

The discipline penalties assessed against Mr. Konidis are a fine in the amount of $10,000, and disgorgement of commissions in the amount of $129.52. In addition, Mr. Konidis is required to pay $870.48 towards the Association's costs of this matter.

Summary of Facts

In February 1994, NK and GK, huband and wife, each opened a RRSP account with Mr. MacDonald. For both these accounts, the New Account Application Form indicated that their investment objectives were 100% long-term capital appreciation. On April 3, 1998, on Mr. MacDonald's recommendation, both NK and GK purchased shares of AlphaNet at a total cost of $25,448.80. GK purchased a further 100 shares on an unsolicited basis at a total cost of $905.00.

Since AlphaNet was not a security which was covered by Scotia, Mr. Konidis conducted his own research before recommending AlphaNet to these two clients. It was Mr. Konidis' honest belief that AlphaNet fell within Scotia's definition of a long term capital growth stock and recommended the security on this basis. While he provided research material and regular updates to these clients regarding AlphaNet, he did not present the security as a high risk speculative investment Instead, he presented the security as a growth stock with great long term capital appreciation potential. It was on this basis that NK and GK agreed to purchase AlphaNet. The branch manager knew and consented to the Mr. Konidis' characterization of AlphaNet to these clients as well as to the material and updates that were sent by Mr. Konidis to these clients.

Despite Mr. Konidis' honest belief, information available at the relevant time indicated that AlphaNet was a speculative security that was not suitable for NK and GK given their personal circumstances.

On February 8, 1999, approximately 10 months after the recommendations were made, AlphaNet declared bankruptcy. As a result, NK and GK lost their entire investment in AlphaNet.

Mr. Konidis is currently employed as a Registered Representative Options at TD Waterhouse Canada Inc.

Kenneth A. Nason
Association Secretary

13.1.4 Discipline Pursuant to IDA By-law 20 - Peter Konidis - Settlement Agreement

IN THE MATTER OF
DISCIPLINE PURSUANT TO BY-LAW 20
OF THE INVESTMENT DEALERS
ASSOCIATION OF CANADA

RE: PETER KONIDIS

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 Peter Konidis ("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. For the sole purpose of this proceeding, Staff and the Respondent agree with the facts set out in this Section III and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

(ii) Background

8. The investigation in this matter was initiated as a result of a Uniform Termination Notice filed by ScotiaMcleod Inc.("Scotia"), dated April 21, 1999.

9. At all material times, the Respondent was employed as a Registered Representative with Scotia, a member of the Association. The Respondent left Scotia on April 15, 1999 to commence employment with TD Securities, where he remains employed to date.

(iii) The Account of NK

10. NK opened a RRSP account with the Respondent in February 1994.

11. The New Account Application Form for NK's account indicated that his investment objectives were 100% long term capital appreciation. His investment experience is indicated to be "average".

12. Upon the Respondent's recommendation, on April 3, 1998, NK purchased 1,000 shares of AlphaNet Telecom Inc. ("AlphaNet") at a total cost of $16,963.58. At the time, AlphaNet represented 14% of NK's account.

(iv) The Account of GK

13. GK is the wife of NK. She also opened an RRSP account with the Respondent in February 1994.

14. The New Account Application Form for GK's account indicated that her investment objectives were 100% long term capital appreciation. Her investment experience was noted as "average".

15. The Respondent recommended that GK purchase shares in AlphaNet. On April 3, 1998, GK purchased 500 shares of AlphaNet at a total cost of $8,485.22. At the time, AlphaNet represented 20% of her account. On October 20, 1998, she purchased a further 100 shares on an unsolicited basis at a total cost of $905.00.

(v) Quality of AlphaNet

16. AlphaNet was not a security which was covered by Scotia. Accordingly, the Respondent conducted his own research before recommending AlphaNet to these clients. It was the Respondent's honest belief that AlphaNet fell within Scotia's definition of a long term capital growth stock and recommended the security on this basis.

17. While the Respondent provided research material and regular updates to these clients regarding AlphaNet, he did not present the security as a high risk speculative investment Instead, he presented the security to NK and GK as a growth stock with great long term capital appreciation potential. It was on this basis that these clients agreed to purchase AlphaNet. The branch manager knew and consented to the Respondent's characterization of AlphaNet to these clients as well as to the material and updates that were sent by the Respondent to these clients.

18. Despite the Respondent's honest belief, information available at the relevant time indicated that AlphaNet was a speculative security that was not suitable for NK and GK given their personal circumstances.

19. On February 8, 1999, approximately 10 months after the recommendations were made, AlphaNet declared bankruptcy. As a result, NK and GK lost their entire investment in AlphaNet which totaled $26,353.80.

IV. Contraventions

20. In April 1998, on two occasions, the Respondent made recommendations in connection with AlphaNet Telecom Inc. to NK and GK that were not appropriate given their personal circumstances and not in keeping with their investment objectives, contrary to Regulation 1300.1(c).

V. Admission of Contraventions and Future Compliance

21. 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

22. 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 $10,000;

    (b) disgorgement of commissions in the amount of $129.52.

VII. Association Costs

23. The Respondent shall pay the Association's costs of this proceeding in the amount of $870.48payable to the Association immediately upon the effective date of this Settlement Agreement.

VIII. 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.

IX. 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.

X. Staff Commitment

26. 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

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.

XII. 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 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 "10th" day of "December", 2002.

"illegible"
Witness

"Peter Konidis"
Peter Konidis

AGREED TO by Staff at the City of Toronto, in the Province of Ontario, this "12th" day of "December", 2002.

"Nina Genova"
Witness

"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: "Hilda McKinlay"
Per: "Michael Walsh"
Per: "Norm Fraser"

13.1.5 Discipline Penalties Imposed on Jeffrey MacDonald – Violation of IDA Regulation 1300.1(c)

Contact:
Elsa Renzella
Enforcement Counsel
(416) 943-5877

BULLETIN #3099
January 3, 2003

DISCIPLINE

DISCIPLINE PENALTIES IMPOSED ON JEFFREY MACDONALD – VIOLATION OF REGULATION 1300.1(C)

Person Disciplined

The Ontario District Council of the Investment Dealers Association of Canada ("the Association") has imposed discipline penalties on Jeffrey MacDonald at the material time, a Registered Representative at ScotiaMcleod Inc. ("Scotia")

By-laws, Regulations, Policies Violated

On December 18, 2002, the Ontario District Council considered, reviewed and accepted a settlement agreement negotiated between Mr. MacDonald and Association Staff.

Pursuant to the Settlement Agreement, Mr. MacDonald admitted that during the period between June 1997 and February 1998, inclusive, he made recommendations and accepted unsolicited orders in connection with AlphaNet Telecom Inc. ("AlphaNet") for seven clients that given their personal circumstances were not appropriate and not in keeping with their investment objectives, contrary to Regulation 1300.1(c).

Penalty Assessed

The discipline penalties assessed against Mr. MacDonald are a fine in the amount of $18,000, and disgorgement of commissions in the amount of $994.44. In addition, Mr. MacDonald is required to pay $3,005.56 towards the Association's costs of this matter.

Summary of Facts

Between June 1997 and February 1998, inclusive, Mr. MacDonald made recommendations and accepted unsolicited orders for the purchase of AlphaNet for seven clients. Six of the seven clients did not have investment objectives containing any speculative component, as indicated in their New Account Applicatior Forms ("NAAFs"). However, one of the seven clients did have investment objectives containing a 25% speculative component according to her NAAF. For this client, AlphaNet constituted 100% of the account a the time of purchase. The total amount invested in AlphaNet by these seven clients was $74,574.83.

Since AlphaNet was not a security which was covered by Scotia, Mr. MacDonald conducted his own research before recommending AlphaNet to these seven clients. It was Mr. MacDonald's honest belief that AlphaNet fell within Scotia's definition of a long term capital growth stock and recommended the security on this basis. While he provided research material and regular updates to these clients regarding AlphaNet, he did not present the security as a high risk speculative investment. Instead, he presented the security as a growth stock with great long term capital appreciation potential. It was on this basis that the clients agreed to purchase AlphaNet. The branch manager knew and consented to the Mr. MacDonald's characterization of AlphaNet to these clients as well as to the material and updates that were sent by Mr. MacDonald to these clients.

Despite Mr. MacDonald's honest belief, information available at the relevant time indicated that AlphaNet was a speculative security that was not suitable for any of these seven clients given their personal circumstances.

On February 8, 1999, approximately a year after the recommendations were made, AlphaNet declared bankruptcy. As a result, these clients lost their entire investment in AlphaNet.

Mr. MacDonald is currently employed as a Registered Representative Options at TD Waterhouse Canada Inc.

Kenneth A. Nason
Association Secretary

13.1.6 Discipline Pursuant to IDA By-law 20 - Jeffrey MacDonald - Settlement Agreement

IN THE MATTER OF
DISCIPLINE PURSUANT TO BY-LAW 20
OF THE INVESTMENT DEALERS
ASSOCIATION OF CANADA

RE: JEFFREY MACDONALD

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 Jeffrey Macdonald ("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. For the sole purpose of this proceeding, Staff and the Respondent agree with the facts set out in this Section III and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

(ii) Background

8. The investigation in this matter was initiated as a result of a Uniform Termination Notice filed by ScotiaMcleod Inc.("Scotia"), dated April 21, 1999.

9. At all material times, the Respondent was employed as a Registered Representative with Scotia, a member of the Association. The Respondent left Scotia on April 15, 1999 to commence employment with TD Securities Inc., where he remains employed to date.

(iii) Account of JJ

10. JJ became a client of the Respondent in July 1994. At the time, she was 53 years old and worked part time as a nurse.

11. The New Account Application Form ("NAAF") notes her investment objectives as 25% income and 75% long term capital appreciation. Her investment experience is noted as "average".

12. The Respondent recommended that JJ purchase shares in AlphaNet Telecom Inc. ("AlphaNet"). On June 1997, she purchased 2700 shares for a total investment of $25,381.14. As of June 30, 1997, AlphaNet represented approximately 20% of her account.

(iv) Account of SD

13. SD became a client of the Respondent in August 1996. At that time, he was 78 years old and retired with no pension.

14. SD states that his primary investment objective was preservation of capital with a small cash flow. According to the NAAF, the client's investment objectives were stated as 50% income and 50% long term capital appreciation. His investment experience was noted as "average".

15. The Respondent recommended that SD purchase shares in AlphaNet. On December 3, 1997, SD purchased 700 shares for a total investment of $12,314.97. As of December 31, 1997, AlphaNet represented approximately 10% of his account.

(v) Accounts of LB

16. LB became a client of the Respondent in May 1994. At that time she was 51 years old and working as a self-employed French teacher.

17. LB opened three accounts with the Respondent including one Registered Retirement Savings account and one cash account.

Cash Account 445-15227

18. This account was opened in August 1997. The NAAF indicated that LB's investment objectives were 25% income, 50% long-term capital appreciation and 25% speculation. The risk factors were 25% low, 50% medium and 25% high.

19. On August 14, 1997, LB purchased 500 shares of AlphaNet for a total investment of $5,667.72. This was the only transaction in this account.

RRSP Account 494-22401

20. According to the NAAF for this account, LB's investment objectives were 25% income and 75% long term capital appreciation.

21. On the Respondent's recommendation, in July 1997, LB purchased 1,300 shares of AlphaNet for a total investment of $11,978.31. As of July 31, 1997, AlphaNet represented approximately 26 % of the value of the account.

22. On February 3, 1998, LB sold 1,000 AlphaNet shares on an unsolicited basis through the Respondent's assistant, for net proceeds of $18,593.58. On the Respondent's recommendation, on February 20, 1998, LB repurchased 500 shares of AlphaNet for a total investment of $8,781.12.

Other Related Accounts of LB

23. As a result of the recommendation made to LB by the Respondent to purchase AlphaNet, three of LB's family members also purchased AlphaNet.

24. SF, LB's mother, became the Respondent's client in May 1994. At the time she was 88 years old. The NAAF indicated investment objectives of 50% income and 50% long term capital appreciation.

25. On August 21, 1997, there was an unsolicited purchase into SF's account of 450 shares of AlphaNet for a total investment of $6,942.27. As of August 29, 1997, AlphaNet represented 23% of her account.

26. AB, LB's daughter, became the Respondent's client in May 1994. At the time she was 19 years old. The NAAF for her account indicated investment objectives of 100% long-term capital appreciation.

27. On August 21, 1997, there was an unsolicited purchase into AB's account of 200 shares of AlphaNet for a total investment of $3,088. As of August 29, 1997, AlphaNet constituted 87% of her account.

28. PB, LB's son, became a client of the Respondent in May 1994. At that time he was 23 years old. The NAAF for his account indicated investment objectives of 25% income and 75% long term capital appreciation.

29. On September 13, 1997, on the recommendation of the Respondent, PB purchased 125 shares of AlphaNet for a total investment of $1,928.75. As of September 30, 1997, AlphaNet represented 22% of PB's account.

(vi) Account of AH

30. AH became the Respondent's client in June 1996. At the time she was 40 years old and worked for Bell Canada as a Process Facilitator.

31. According to the NAAF, the client's investment objectives were 50% income and 50% long term capital appreciation.

32. On June 9, 1997, AH purchased AlphaNet on the Respondent's recommendation. Her total investment was $17,086.13. As of June 30, 1997, AlphaNet represented 46.2% of her account.

33. In July 1997, AH required cash and indicated to the Respondent that she wished to sell her position in AlphaNet. The Respondent recommended that she not sell AlphaNet and AH accepted this recommendation. In order to obtain the cash required, the client sold Canada Savings Bonds and Bell Canada International shares.

(vii) Quality of AlphaNet

34. AlphaNet was not a security which was covered by Scotia. Accordingly, the Respondent conducted his own research before recommending AlphaNet to these clients. It was the Respondent's honest belief that AlphaNet fell within Scotia's definition of a long term capital growth stock and recommended the security on this basis.

35. While the Respondent provided research material and regular updates to these clients regarding AlphaNet, he did not present the security as a high risk speculative investment Instead, he presented the security to these clients as a growth stock with great long term capital appreciation potential. It was on this basis that these clients agreed to purchase AlphaNet. The branch manager knew and consented to the Respondent's characterization of AlphaNet to these clients as well as to the material and updates that were sent by the Respondent to these clients.

36. Despite the Respondent's honest belief, information available at the relevant time indicated that AlphaNet was a speculative security that was

not suitable for any of the clients referred to in this Settlement Agreement given their personal circumstances.

37. On February 8, 1999, approximately a year after the recommendations were made, AlphaNet declared bankruptcy. As a result, the clients referred to in this settlement agreement lost investments in AlphaNet totaling $74,574.83.

IV. Contraventions

38. During the period of June 1997 to February 1998, inclusive, the Respondent made recommendations and accepted unsolicited orders in connection with AlphaNet Telecom Inc. for seven clients that given their particular circumstances were not appropriate and not in keeping with their investment objectives, contrary to Regulation 1300.1(c).

V. Admission of Contraventions and Future Compliance

39. 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

40. 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 $18,000;

(b) disgorgement of commissions in the amount of $994.44.

VII. Association Costs

41. The Respondent shall pay the Association's costs of this proceeding in the amount of $3,005.56payable to the Association immediately upon the effective date of this Settlement Agreement.

VIII. Effective Date

42. 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

43. 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

44. 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

45. 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

46. 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 "10th" day of "December", 2002.

"Illegible"
Witness

"Jeffrey MacDonald"
Jeffrey MacDonald

AGREED TO by Staff at the City of Toronto, in the Province of Ontario, this "12th" day of "December", 2002.

"Nina Genova"
Witness

"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: "Hilda McKinlay"
Per: "Michael Walsh"
Per: "Norm Fraser"

13.1.7 IDA Disciplinary Hearing - James Donald Bruce

NEWS RELEASE
For immediate release

NOTICE TO PUBLIC: DISCIPLINARY HEARING

IN THE MATTER OF JAMES DONALD BRUCE

January 7, 2003 (Toronto, Ontario) – The Investment Dealers Association of Canada announced today that the hearing before a panel of the Ontario District Council of the Association in respect of the matter of James Donald Bruce which was to take place on January 10, 2003, has been adjourned to February 17, 2003.

The hearing is scheduled to commence at 9:30 a.m. or as soon as thereafter 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

13.1.8 TSX. Inc – Request for Comments – Market Making Reform

REQUEST FOR COMMENTS
MARKET MAKING REFORM

On December 17, 2002 the Board of Directors of TSX Inc. ("TSX" or the "Exchange") approved amendments to certain Rules and Policies of the Exchange (the "Proposed Rules") to implement reforms to the Exchange's current market making system.

The key elements of the Exchange's market making reforms are as follows:

- The assignment of market making responsibilities to firms (i.e. TSX participating organizations) rather than specific individuals (i.e. registered traders or "RTs"). The current market making assignment model has significantly limited the capital commitments made to market making, and the systems and technology investments to facilitate these commitments.

- The transfer of existing market making responsibilities from individuals to the firms that employ them upon the expiry of an appropriate individual notice period.

- The introduction of new qualifications for market maker firms, including the introduction of minimum capital requirements to ensure that each market maker firm has the financial resources to effectively perform its market-making responsibilities.

In order to implement the market making reforms, the Exchange proposes to introduce amendments to certain of the Rules and Policies of the Exchange as discussed herein. The text of the proposed amendments is set out in the Appendix. 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.

Background

In August of 2002, the Exchange released its third paper on market making entitled "Discussion Paper: Market Making Reforms" since January 2002. The purpose of the market making discussion papers was to solicit input from market participants on the current market making system, as well as TSX's proposals for market making reform. TSX staff has also met extensively with market participants in developing the proposed reforms. Based on the feedback from market participants, TSX has developed a comprehensive set of reforms to the market making system. The reforms are primarily designed to address concerns regarding liquidity in the continuous market, and the declining role of the market maker.

Description

1. Market Making Assignments to Firms

TSX staff believes that one of the key reforms to the market making system is the assignment of market making responsibilities to firms (i.e. TSX participating organizations) rather than specific individuals (i.e. registered traders or "RTs"). The current market making assignment model has significantly limited the capital commitments made to market making, and the systems and technology investments to facilitate these commitments.

At present, market making businesses have not been required to maintain significant capital commitments or increase their scale of operations to fulfill their market making obligations. Accordingly, minimum guaranteed fills ("MGFs") have been declining for years, and are now at the point where only smaller retail orders can be executed through the MGF system. While the overall TSX transaction value has been growing, the transaction size executed in the continuous book has been declining, with negative consequences for liquidity and the viability of TSX's central price discovery mechanism.

TSX recognizes that it is not reasonable to expect capital providers to provide incremental capital for expanded market making activities without having responsibility for market making assignments. The transfer of responsibility for market making assignments to firms is an essential first step in market making reform. The Exchange has the authority to assign market making responsibilities to firms under the current Rules and Policies of the Exchange. Market making assignments for XIUs (the S&P TSX 60 exchange-traded-fund) and TSX Group Inc. ("X") are currently handled by firms and not by individual RTs. TSX has provided advance notice to market participants that applications for new market making assignments will only be considered from firms and not individuals.

Pursuant to proposed Policy 4-601(3), a market making firm will be required to designate an Approved Trader within the firm for each security that has been assigned by the Exchange to such firm. The market maker will be required to provide the Exchange with the names of each of their responsible designated traders and their security assignments, and forthwith advise the Exchange of any changes to such information. Further, pursuant to proposed Policy 4-601(4), market making firms will be required, on a periodic rotating basis, to assume temporary responsibility for market making duties with respect to newly issued securities, and security assignments that have been discharged, until such time as those securities have been permanently assigned to a market maker.

Market makers must ensure that their securities of responsibility are continuously monitored during the trading day under amended Policy 4-604(2). In this regard, adequate back-up procedures must be in place to ensure coverage by qualified individuals in the event of absences due to illness, vacation or other reasons.

Pursuant to amended Rule 4-606, a market maker intending to relinquish one or more securities of responsibility shall provide the Exchange with at least 60 days' prior notice in such form as may be required by the Exchange. The minimum notice period is intended to facilitate the transition of security assignments. The Exchange proposes to delete Policy 4-606 given that market making assignments will be granted to firms and not individual RTs.

2. Transfer of Security Assignments from RTs to Firms

The transfer of existing market making responsibilities from individuals to the firms that employ them will proceed upon expiry of an appropriate notice period. Such notice will be provided to RTs on an individual basis, and will commence upon the Commission's approval. The notice period for each individual RT will be primarily dependent on their length of service as RTs and the amount of non-RT work they perform. In conjunction with this transfer, the firm at which the RT is employed will be granted the opportunity to accept the individual RT's market making assignments provided that the firm meets the new market making firm qualifications as described in more detail below.

The transfer of market making assignments from RTs to firms will result in mimimal disruption to market participants given that it is anticipated that most RTs will maintain their current roles with market making firms after the assignment process is complete. No specific Rule or Policy changes are required in connection with the transfer of security assignments from RTs to firms.

3. Qualifications of Market Making Firms

The Exchange believes that amendments to Rule 4-602 of the Exchange, and the associated Policy, are required to ensure that market making firms are qualified to meet their market making responsibilities.

Capital Requirements

Pursuant to proposed Rule 4-602(a)(c) and accompanying Policy 4-602(3), Participating Organizations that wish to qualify as market makers will be required to satisfy and maintain minimum capital requirements as determined by the Exchange. Minimum

capital requirements are being introduced to ensure that each market making firm has the financial resources to effectively perform its market making responsibilities.

Minimum capital requirements for each security that is assigned to a market maker will be established based on a security's tier rating and MGF commitment. A market making firm will be required to have sufficient minimum capital equal to the aggregate of the capital requirements of each of its individual assignments. Market making firms will be required to notify the Exchange promptly in the event of a failure to meet the capital requirements. Failure to satisfy the capital requirements may result in a reallocation of security assignments by the Exchange to another market maker.

Designated Market Maker Contact

Under Rule 4-602(1), Participating Organizations that apply to become a market maker are required to have experienced personnel to effectively perform their market making assignments. Proposed Policy 4-601(1) will require a market maker that is a Participating Organization to designate an individual within the firm who manages market making responsibilities to be the primary contact with the Exchange with respect to the firm's market making assignments.

Assignments

Pursuant to proposed Policy 4-602(2), market making firms will be required to have a minimum number of security assignments as determined by the Exchange. Further, such firms will be required to maintain a minimum ratio of Tier B securities for each Tier A security that is assigned, and not have greater than a specified percentage of security assignments within any given tier classification, unless otherwise permitted by the Exchange.

4. Service Levels - MGFs and Spread Goals

In connection with the reforms to the current market making system, TSX staff plans to implement greater operational oversight in 2003, including the establishment of spread goals and MGFs that are more objectively set and accurately reflect market conditions based on the actual trading patterns of the security. Policy 4-802(1)(b) is being amended to reflect the MGFs applicable to the three board lot sizes on the TSX.

5. Performance Management

TSX staff plans to introduce a more effective marker maker performance management program in 2003 that more vigilantly monitors market makers to ensure that they are carrying out their assigned responsibilities. Under the Proposed Rules, new proposed Policy 4-607(3) has been added to provide that the Exchange will notify a market maker of cases of non-performance or unsatisfactory conduct. The Exchange will provide the market maker with the opportunity to remedy such deficiency. Failure to address these deficiencies may result in penalties for non-compliance as specified in Policy 4-607(4).

Implementation

Implementation of the Proposed Rules is anticipated for the 2nd quarter, 2003.

Discussion of Proposed Amendments

The Proposed Rules to implement the market marking initiatives discussed above are attached hereto in the Appendix. In order to simplify terminology, a new proposed definition of "Market Maker" has also been added to replace the terms "Registered Trader", "Responsible Registered Trader" and "Specialist". Under the Proposed Rules, "Market Maker" means an Approved Trader or Participating Organization that has Exchange approval to act as a market marker. Conforming changes to such definitions (i.e. the replacement of the term "Registered Trader" or "Responsible Registered Trader" with "Market Maker", and in the case of Policy 4-103, the deletion of references to the term "options specialist") will also be made to certain provisions of Policy 4-103 "Wide Distributions" and Rule 4-403 "Designating Orders". Further, under the Proposed Rules, the term "stock" has also been replaced with the term "security" (or variations thereof) in the market making related provisions.

The Proposed Rules reflect certain proposed amendments to the TSX Rule Book and Policies that are currently under review by the Commission (*see* (2002), 22 OSCB 5413). Those provisions have been specifically identified in the Proposed Rules and Policies and primarily relate to changes as a result of the adoption of the Universal Market Integrity Rules ("UMIR") - i.e. the replacement of references to former TSX Rules with the applicable UMIR provision and the removal of references to former Part 7 of the TSX Rules which contained the investigation and enforcement provisions. Rule 4-802 of the Proposed Rules also reflects certain proposed amendments relating to TSX's proposed cross interference exempt marker initiative which is currently under review by the Commission (*see* (2002), 25 OSCB 4350).

Public Interest Assessment

The market making reforms are the result of extensive public consultation and comment. The Exchange believes that the implementation of the market making initiatives will better align TSX with the interests of maintaining a highly liquid market for the benefit of issuers and investors. Under the Proposed Rules, adequate capitalization of market making firms will ensure that market making firms are better positioned to meet their market maintenance obligations and be able to make the systems and technology investments to facilitate these commitments. In this regard, markets in other jurisdictions, including the New York Stock Exchange and NASDAQ in the United States, impose minimum capital requirements on those who perform market making functions in their respective markets. The Exchange believes that these changes, in conjunction with the other proposed changes relating to enhanced market making qualification requirements, as well as greater operational oversight of service levels and performance management, will promote the overall effectiveness of TSX's market making regime. For these reasons, the Exchange believes that the Proposal is in the best interests of the Canadian capital markets.

The Exchange believes that under the terms of the protocol between the Exchange and the Ontario Securities Commission (the "Commission"), the proposed amendments to the Rules and Policies of the Exchange would be considered "public interest" in nature. The amendments would, therefore, only become effective following public notice, a comment period and the approval of the Commission.

Questions

Questions concerning this notice should be directed to Leonard P. Petrillo, Vice President, General Counsel and Secretary, at (416) 947-4514.

APPENDIX

MARKET MAKING REFORMS
PROPOSED RULE & POLICY CHANGES

RULES	POLICIES
PART 1 – INTERPRETATION **1-101 Definitions (Proposed Changes to Market Making Related Definitions)**	
"Market Maker" means an Approved Trader or Participating Organization that has Exchange approval to act as a market maker.	
~~**"Registered Trader"** means an Approved Trader who has Exchange Approval to act as a registered trader.~~	
~~**"Responsible Registered Trader"** means the Registered Trader assigned by the Exchange to act as market maker in a listed security and includes the Registered Trader who has been designated as back-up.~~	
~~**"Specialist"** means a Participating Organization which has entered into a Specialist Agreement.~~	
~~**"Specialist Agreement"** means an agreement between the Exchange and one or more Participating Organizations providing for market making and other joint and several duties by the Participating Organization in connection with an IPU.~~	

* * *

PART 4 – TRADING OF LISTED SECURITIES **DIVISION 6 – ~~REGISTERED TRADERS~~ MARKET MAKERS**	
4-601 Appointment of ~~Registered Traders~~ Market Makers ~~(1)~~ In order to have a reasonable market quoted for each listed security, the Exchange may from time to time allocate to a ~~Registered Trader~~ Market Maker specified securities of responsibility. ~~(2) Any person directly affected by a decision made under Rule 4-601(1) may appeal the decision to the Board, such appeal to be conducted in accordance with the provisions of Part 7 of the Rules~~. **Proposed Repeal (Rule Book changes pending regulatory approval)**	**4-601 Appointment of ~~Registered Traders~~ Market Makers** (1) General Principles The primary responsibilities of ~~Registered Traders~~ Market Markers are to maintain a fair and orderly market in their ~~stocks~~ securities of responsibility and generally to make a positive contribution to the functioning of the market. Each ~~Registered Trader~~ Market Maker must ensure that trading for the ~~Registered Trader' s~~ Market Maker's own account is reasonable under the circumstances, is consistent with just and equitable principles of trading, and is not detrimental to the integrity of the Exchange or the market. (2) Allocation of Securities The Exchange shall assign ~~stocks~~ securities of responsibility to ~~Registered Traders~~ Market Makers. Since certain privileges are accorded to the responsible ~~Registered Trader~~ Market Makers, some ~~stocks~~ securities may be regarded as desirable ones in which to have responsibility. Where two or more ~~Registered Traders~~ Market Makers are contending for assignment of responsibility, the Exchange shall make the determination. In making such decisions, the Exchange shall

PART 4 – TRADING OF LISTED SECURITIES **DIVISION 6 – ~~REGISTERED TRADERS~~ MARKET MAKERS**	
	apply the criteria established by the Board. The Exchange categorizes listed securities according to "tiers" for certain purposes. These tiers are determined by the ~~average number of trades on a daily basis~~ activity of the securities. The two major tier categories are Tier A and Tier B. ~~Stocks~~ Securities that fall into the Tier A category are the most active ~~stocks~~ securities. Tier B covers ~~stocks~~ securities that, on average, trade less actively. The tiers are further divided into subtiers. ~~Registered Traders without stocks of responsibility and Registered Traders with responsibility for Tier A stocks shall collectively assume responsibility for certain Tier B stocks that do not have a responsible Registered Trader. These stocks shall first be assigned by the Exchange to Registered Traders without any stocks of responsibility, then to Registered Traders with responsibility for Tier A stocks.~~ In making such assignments, the Exchange shall use the criteria determined by the Board. (3) Responsible Designated Traders A Market Maker that is a Participating Organization is required to designate an Approved Trader within the firm for each security that has been assigned by the Exchange to such Market Maker. The Market Maker must provide the Exchange with the names of each of their responsible designated traders and their security assignments, and forthwith advise the Exchange of any changes to such information. The Market Maker firm will continue to be responsible for the market making obligations relating to the securities assigned to the firm. (4) Temporary Assignments On a periodic rotating basis, Market Maker firms are required to assume temporary responsibility for market making duties with respect to newly listed securities, and security assignments that have been discharged, until such time as those securities have been permanently assigned to a Market Maker.
4-602 Qualifications (1) No person shall be approved as a ~~Registered Trader~~ Market Maker unless such person has demonstrated market making experience that is acceptable to the Exchange. ~~is a Participating Organization, or a partner, director, or employee of a Participating Organization and has had at least one year of experience as an Approved Trader.~~ ~~(2) The Exchange may waive the requirement of one year of experience as an Approved Trader where, in its opinion, the person has equivalent suitable qualifications.~~ ~~(3)~~(2) No ~~person~~ Participating Organization shall be approved as a ~~Registered Trader~~ Market Maker	**4-602 Qualifications** (1) Designated Market Maker Contact Participating Organizations that apply to become a Market Maker are required to have experienced personnel to effectively perform the market making assignments. A Market Maker that is a Participating Organization must designate an individual within the firm who manages market making responsibilities to be the primary contact with the Exchange with respect to the firm's market making assignments. (2) Market Maker Assignments Market Maker firms are required to have a minimum number of security assignments as determined by the Exchange. Further, such firms are required to maintain a minimum ratio of Tier B securities for each Tier A security that is assigned, and not

PART 4 – TRADING OF LISTED SECURITIES **DIVISION 6 – ~~REGISTERED TRADERS~~ MARKET MAKERS**	
unless the Participating Organization: ~~(a) the Participating Organization making the application:~~ ~~(i)~~ (a) has provided sufficient trading desk and operations area support staff; ~~(ii)~~ (b) has installed a terminal acceptable to the Exchange~~,~~ that will permit the expeditious handling of both the Participating Organization's client orders and the proper carrying out of all ~~registered trading~~ market making responsibilities; and ~~(iii)~~ (c) ~~has designated another Registered Trader to act as back-up an individual within the Participating Organization to~~ satisfies the minimum capital requirements as determined by the Exchange in order for the Participating Organization to support its market making responsibilities.~~;~~ (b) ~~the person for whom application is made is a person of good reputation and trading ability with a thorough understanding of not only the Exchange trading rules but also the objects and purposes pertaining to registered trading.~~	have greater than a specified percentage of security assignments within any given tier classification, unless otherwise permitted by the Exchange. The Exchange retains the discretion to remove market making assignments, including, but not limited to, circumstances where a Market Maker that is a Participating Organization undergoes a change in control. (3) Capital Requirements Market Maker firms are required to satisfy and maintain minimum capital requirements as determined by the Exchange from time to time, and shall notify the Exchange promptly in the event of a failure to meet such capital requirements. The Exchange believes that it is paramount that Market Maker firms have sufficient financial resources to effectively perform its market making responsibilities. Failure to satisfy the capital requirements may result in a reallocation of security assignments by the Exchange to another Market Maker.
4-603 Failure to Obtain Approval If an application for approval as a ~~Registered Trader~~ Market Maker is refused, no further application for the same person shall be considered within a period of 90 days after the date of refusal.	
4-604 Responsibilities of ~~Registered Traders~~ Market Makers ~~Registered Traders~~ Market Makers shall trade on behalf of their own accounts to a reasonable degree under existing circumstances, particularly when there is a lack of price continuity and lack of depth in the market or a temporary disparity between supply and demand and in each of their securities of responsibility shall: (a) contribute to market liquidity and depth, and moderate price volatility;	**4-604 Responsibilities of ~~Registered Traders~~ Market Makers** (1) Assistance to Market Surveillance Officials and Members ~~Registered Traders~~ Market Makers shall report forthwith any unusual situation, rumour, activity, price change or transaction in any of their ~~stocks~~ securities of responsibility to a Market Surveillance Official. As much as possible, ~~Registered Traders~~ Market Makers shall assist Participating Organizations' traders by providing them with information regarding recent trading activity and interest in their ~~stocks~~ securities of responsibility.

PART 4 – TRADING OF LISTED SECURITIES **DIVISION 6 – ~~REGISTERED TRADERS~~ MARKET MAKERS**	
(b) maintain a continuous two-sided market within the spread goal for the security agreed upon with the Exchange;	They shall assist traders in matching offsetting orders. Based on their knowledge of current market conditions, ~~Registered Traders~~ Market Makers shall, on a best efforts basis, identify anomalies in Participating Organizations' orders in the Book and bring them to the attention of those Participating Organizations or to the Exchange.
(c) maintain a market for the security on the Exchange that is competitive with the market for the security on the other exchanges on which it trades;	(2) Availability and ~~Back-up~~ Coverage
(d) perform their duties in a manner that serves to uphold the integrity and reputation of the Exchange;	~~Registered Traders are expected to be at their terminal continuously during the trading day in order to fulfil the responsibilities set out in this Policy. Each Registered Trader shall arrange for another Registered Trader from their Participating Organization firm to fulfil those responsibilities during breaks or other temporary absences from their terminal. Such arrangements shall also be made for vacations and absences due to illness or other reasons. Registered Traders must provide the Exchange with advance written notification of the name of their designated back-up and, subsequently, of any changes. In unusual cases, such as where there is only one Registered Trader at a firm, a Registered Trader may select an Approved Trader to act as back-up. The prior consent of the Exchange must be obtained. A Registered Trader may designate a second back-up at another Participating Organization to fulfil the Registered Trader's responsibilities during an extended absence that will be longer than one week. The prior consent of the Exchange must be obtained.~~
(e) arrange for a back-up ~~Registered Trader~~ Market Maker, who in their absence, will carry out the responsibilities set out in this Policy;	
(f) guarantee fills for odd lot and mixed lot orders at the current board lot quotation;	
(g) maintain the size of the Minimum Guaranteed Fill requirements agreed upon with the Exchange;	
(h) comply with the Minimum Guaranteed Fill requirements agreed upon with the Exchange, which include guaranteeing an automatic and immediate "one price" execution of MGF–eligible orders;	Each Market Maker must ensure that its securities of responsibility are continuously monitored during the trading day. In this regard, Market Makers must have adequate back-up procedures and coverage by qualified individuals in cases of any absences due to illness, vacation or other reasons.
(i) be responsible for managing the opening of their ~~stocks~~ securities of responsibility in accordance with Exchange Requirements and, if necessary, for opening those ~~stocks~~ securities or, if appropriate, requesting that a Market Surveillance Official delay the opening;	(3) Maintenance of a Two-Sided Market
(j) assume responsibility for certain additional listed securities in accordance with applicable Exchange Requirements;	~~Registered Traders~~ Market Makers must call a continuous two-sided market in their ~~stocks~~ securities of responsibility. In order to assist them in carrying out this responsibility, ~~Registered Traders~~ Market Makers are given certain privileges and certain exemptions from the short sale rule.
(k) assist Participating Organizations in executing orders; and	1. ***Spread Maintenance -*** ~~Registered Traders~~ Market Makers shall maintain the spread goal agreed upon with the Exchange in each of their ~~stocks~~ securities of responsibility on a time-weighted average basis. ~~Market Surveillance~~ The Exchange monitors spreads on an ongoing basis, and assesses the performance of ~~Registered Traders~~ Market Makers on a monthly basis.
(l) assist the Exchange by providing information regarding recent trading activity and interest in their securities of responsibility.	2. ***Relief from Spread Goals -*** The initial establishment of a spread goal for a security is subject to negotiation between each responsible ~~Registered Trader~~ Market Maker and the Exchange ~~staff~~. The ~~Registered Trader~~ Market Maker shall notify the Exchange if the ~~Registered Trader~~ Market Maker is

PART 4 – TRADING OF LISTED SECURITIES DIVISION 6 – ~~REGISTERED TRADERS~~ MARKET MAKERS	
	unable to maintain their spread goal. Any further changes to the spread goal are also subject to negotiation. 3. **Odd-lot Responsibilities** – General - ~~Registered Traders~~ Market Makers shall maintain an odd lot market at the board lot quotation. *Expiring Rights and Warrants* - ~~Registered Traders~~ Market Makers shall not be responsible for providing bids and offers for odd lots in rights and warrants within 10 days of the date of expiry of the right or warrant. If a ~~Registered Trader~~ Market Maker chooses to trade odd lots of such ~~stocks~~ securities during this period, the ~~Registered Trader~~ Market Maker must do so at the board lot quotation unless prior consent of a Market Surveillance Official for a wider spread is obtained. *Special Circumstances* - The above exemption is also available in any securities that are affected by special circumstances relative to that security. If a ~~Registered Trader~~ Market Maker wishes to call an odd-lot market at a different price than the board lot market, the prior consent of a Market Surveillance Official must be obtained. 4. **Relief from Responsibilities in Unusual Situations –** In extreme cases, such as illiquidity in a security on expiry of a take-over bid, a Market Surveillance Official may relieve a responsible ~~Registered Trader~~ Market Maker from their responsibility to maintain a posted bid or offer. This exemption is also available when a ~~Registered Trader' s~~ Market Maker's obligation to post an offer would require him or her to assume or to increase a short position in a security that the ~~Registered Trader~~ Market Maker cannot reasonably be expected to cover because of the relative liquidity of that security or lack of ~~stock~~ security available for borrowing. 5. **Client Priority and Frontrunning** *Client Priority* - The in-house client priority rule in ~~Rule 4-501~~ UMIR Rule 5.3 requires Participating Organizations to execute their client orders ahead of any non-client orders at the same price. This rule applies to trading by ~~Registered Traders~~ Market Makers. ~~Registered Traders~~ Market Makers may participate in trading with one or more of their firm' s client orders if the Participating Organization obtains the express consent of the client(s) involved. **Proposed Amendment (Rule Book changes pending regulatory approval)** *Frontrunning Client Orders* - ~~Rule 4-204~~ UMIR Rule 4.1 prohibits Participating Organizations, Approved Persons and persons associated with a Participating Organization from taking advantage of non-public material information concerning imminent transactions in equities, options or futures markets. Information about a trade is material if the trade would reasonably be expected to move the market in which the frontrunning trade is made. The frontrunning

PART 4 – TRADING OF LISTED SECURITIES **DIVISION 6 – ~~REGISTERED TRADERS~~ MARKET MAKERS**	
	restrictions apply to ~~Registered Traders~~ Market Makers. Participating Organizations, Approved Persons and persons associated with a Participating Organization are prohibited from taking advantage of a client's order by trading ahead of it in the same or a related market. A trade made solely for the benefit of the client for whom the imminent transaction will be made, and a trade that is a bona fide hedge of a position that the Participating Organization has Agreed to assume from a client, are exempt from the restrictions. **Proposed Amendment (Rule Book changes pending regulatory approval)** *Frontrunning in Options and Futures* - The restrictions further prohibit a frontrunning trade in the options or futures markets with knowledge of an imminent undisclosed material transaction in any of the equities, options or futures markets, including transactions by another Participating Organization. Again, a trade made solely for the benefit of the client for whom the imminent transaction will be made, and a trade that is a bona fide hedge of a position that the Participating Organization has assumed or agreed to assume from a client, are exempt from the restrictions. *Tipping and Trading Ahead* - Participating Organizations and Approved Persons and persons associated with a Participating Organization are prohibited from tipping others about an imminent undisclosed material order to be executed for one of the firm' s clients in any market, including the equities market. The Participating Organization executing the order may, however, contact the ~~Registered Trader~~ Market Maker to ask for assistance (for example, to ask if the ~~Registered Trader~~ Market Maker knows of Participating Organizations who may want to take the other side of the trade). If details of an imminent material trade in one of their ~~stocks~~ securities of responsibility have been disclosed by another Participating Organization to the ~~Registered Trader~~Market Maker, the ~~Registered Trader~~ Market Maker is prohibited from trading ahead of that order unless the ~~Registered Trader~~ Market Maker receives the express consent of the Participating Organization involved. 6. ***Client-Principal Trading -*** Trades by ~~Registered Traders~~ Market Makers with clients of their Participating Organization, whether made pursuant to their market-making obligations or not, must comply with all ~~Exchange Requirements~~ UMIR Requirements governing client-principal trading. **Proposed Amendment (Rule Book changes pending regulatory approval)**
4-605 Stabilizing Trades (1) In this **Rule, "neutral trades"** means trades that would otherwise be destabilizing trades except that:	**4-605 Stabilizing Trades** (1) Reporting and Performance Measurement In accordance with Rule 4-605(2), it is expected that at least 70% to 80% of ~~Registered Traders'~~ Market Makers' trades in

PART 4 – TRADING OF LISTED SECURITIES **DIVISION 6 – ~~REGISTERED TRADERS~~ MARKET MAKERS**	
(a) the ~~Registered Trader~~ Market Maker is unwinding a long or short position in a security taken previously; (b) the trade is made pursuant to the ~~Registered Trader's~~ Market Maker's obligation to fill a MGF order; (c) the trade is made pursuant to the ~~Registered Trader's~~ Market Maker's obligation to maintain a specific maximum spread between bid and ask quotes; or (d) the trade is made for the purpose of maintaining a proportionate market (based on the conversion ratio) in a security that another security is convertible into or in the convertible security; provided that, in the case of the exceptions in (b), (c), and (d) above, the ~~Registered Trader~~ Market Maker is on the passive side of the trade. (2) At least 70% of ~~Registered Traders'~~ Market Makers' trades in their securities of responsibility shall be stabilizing or neutral trades.	their ~~stocks~~ securities of responsibility shall be stabilizing or neutral trades. Performance in this area will be measured periodically by the Exchange and reported to the Exchange. If 30% or more of a ~~Registered Trader's~~ Market Maker's trades in their ~~stocks~~ securities of responsibility are destabilizing trades, based on the number of transactions, share volume, dollar value of trading or any combination of those factors, the ~~Registered Trader's~~ Market Maker's performance shall be considered unsatisfactory and the ~~Registered Trader~~ Market Maker may be subject to any of the penalties set out in this Policy. ~~Each Registered Trader shall report the opening positions of all stocks in their Registered Trading Account for the week before 12:00 noon on the first trading day of each week to Market Surveillance. Reconciliation between weekly opening and closing positions is important for effective tick-testing. Daily reports on the inventory of stocks in any Registered Trading Account may be required by the Exchange.~~ (2) Exemption for Certain Interlisted ~~Stocks~~ Securities In order to encourage trading in certain interlisted securities on the Exchange, ~~Registered Traders~~ Market Makers shall be exempt from the stabilization requirements in dealing in all U.S.-based interlisted issues and in those Canadian-based interlisted issues in which more than 25% of the trading occurred on exchanges in the United States or on NASDAQ in the preceding year. (3) Application of Stabilization Requirement to Trading in Other Markets The stabilization requirements apply to all trading be ~~Registered Traders~~ Market Makers in listed securities, whether on the Exchange or on another Canadian exchange. The exemptions contained in this Policy also apply to such trading.
4-606 ~~Registered Traders~~ Market Makers Leaving ~~Stocks~~ Securities of Responsibility A ~~Registered Trader~~ Market Maker intending to relinquish one or more securities of responsibility shall provide the Exchange with at least 60 days' prior notice in such form as may be required by Exchange.	**~~4-606 Registered Traders Leaving Stocks of Responsibility~~** ~~Registered Traders may leave their stocks of responsibility for a number of reasons. These may include leaving the Participating Organization at which they are presently employed, being terminated by the Participating Organization or leaving the industry altogether. In addition, Registered Traders have on occasion refused to continue with their responsibilities. The following are the procedures to be followed by Registered traders, Participating Organization firms and back-up Registered Traders in these circumstances:~~ ~~(a) The back-up Registered Trader shall become responsible in the event that the responsible Registered Trader designated by the Exchange is unable to act for any reason.~~ ~~(b) Subject to paragraph (f) below, the back-up~~

PART 4 – TRADING OF LISTED SECURITIES **DIVISION 6 – ~~REGISTERED TRADERS~~ MARKET MAKERS**	
	~~Registered Trader must assume full responsibility for the stock in the absence, either temporary or permanent, of the Registered Trader.~~ ~~(c) If a Registered Trader with stocks of responsibility resigns from their Participating Organization firm (and does not immediately join another firm) the Registered Trader must give the Exchange a minimum of 14 days notice. The Registered Trader shall be responsible for maintaining their stocks of responsibility until a new Registered Trader is appointed or until the notice period has elapsed, whichever comes first.~~ ~~(d) If a Registered Trader with stocks of responsibility resigns from their Participating Organization and immediately joins another Participating Organization, the Registered Trader shall designate a new back up Registered Trader from that Participating Organization. The prior consent of the Exchange must be obtained for any such designation.~~ ~~(e) A Participating Organization that proposes to terminate the employment of one or more Registered Traders to relinquish responsibility for a listed security, for the purpose of reducing the scope of the Registered Trading operations of the Participating Organization, shall give 60 days prior notice to the Exchange. If such notice is not given, the Exchange may require the Participating Organization to carry out the responsibilities of the Registered Trader for any security that is affected until the Exchange makes satisfactory alternative arrangements for the security. The Participating Organization shall have such responsibilities for a maximum of 60 days.~~ ~~(f) Upon the absence of a Registered Trader in any of the circumstances listed above, other than a temporary absence, the Exchange shall act forthwith to appoint a permanent Registered Trader.~~
4-607 Assessment of ~~Registered Trader~~ Market Maker Performance The Exchange shall review the approvals of all ~~Registered Traders~~ Market Makers at least once each calendar year and may review such approvals at other times.	**4-607 Assessment of ~~Registered Trader~~ Market Maker Performance** (1) Review of Performance The performance of each ~~Registered Trader~~ Market Maker shall be periodically reviewed by the Exchange, as provided in

PART 4 – TRADING OF LISTED SECURITIES **DIVISION 6 – ~~REGISTERED TRADERS~~ MARKET MAKERS**	
	Rule 4-607. The Exchange shall determine whether the ~~Registered Trader~~ Market Maker is adhering to Exchange Requirements and shall assess the degree to which the ~~Registered Trader~~ Market Maker had made a positive contribution to the market in their ~~stocks~~ securities of responsibility over the period. In making this assessment, considerable weight shall be placed on the degree to which the ~~Registered Trader~~ Market Maker has: (a) maintained a fair and orderly market in their ~~stocks~~ securities of responsibility; and (b) maintained adequate quotation and liquidity in their ~~stocks~~ securities of responsibility, including maintaining the specific maximum spreads that the ~~Registered Trader~~ Market Maker is committed to maintain. (2) Criteria for Review The Exchange shall consider such performance or conduct unsatisfactory if the ~~Registered Trader~~ Market Maker has: (a) failed to meet the responsibilities set out in this Policy or to act in a manner that is consistent with the general intent of any of the Exchange Requirements relating to ~~Registered Traders~~ Market Makers; or (b) engaged in any conduct, manner of proceeding, or method of carrying on business that is unbecoming of a ~~Registered Trader~~ Market Maker, that is inconsistent with just and equitable principles of trade, or that is detrimental to the Exchange or the public. (3) The Exchange will notify the Market Maker of cases of non-performance or unsatisfactory conduct. The Exchange will provide the Market Maker with the opportunity to remedy such deficiency. Failure to address these deficiencies may result in penalties for non-compliance as specified herein. (~~3~~4) Penalties for Non-Compliance The Exchange may recommend that: (a) a ~~Registered Trader's~~ Market Maker's approval be suspended or revoked; (b) a ~~Registered Trader's~~ Market Maker's responsibility for one or more ~~stocks~~ securities be removed and those reassigned; (c) an investigation into a ~~Registered Trader's~~ Market Maker's trading or activities be

PART 4 – TRADING OF LISTED SECURITIES **DIVISION 6 – ~~REGISTERED TRADERS~~ MARKET MAKERS**	
	carried out; and (d) ~~a Registered Trader be disciplined pursuant to the provisions of Part 7 of the Rules for failing to adhere to Exchange Requirements.~~ ~~The above recommendations may be pursued by the Exchange, subject to the provisions of Part 7 of the Rules.~~ **Proposed Repeal (Rule Book changes pending regulatory approval)**
~~4 608 Appointment of Specialist~~ ~~(1) Notwithstanding any other provision of this Division, the Exchange may appoint a Participating Organization as a Specialist in connection with responsibility for the trading of:~~ ~~(a) IPUs of a particular trust;~~ ~~(b) units of a trust which is a mutual fund trust for the purposes of the *Income Tax Act* (Canada) where substantially all of the assets of the fund are the same as the underlying interest of an option or future listed on an exchange; or~~ ~~(c) shares of a listed security for which, in the opinion of the Exchange, the requirements of the market making activities make it appropriate to appoint a Participating Organization.~~ ~~(2) The application for appointment as a Specialist shall be in the form required by the Exchange from time to time.~~ ~~(3) Except as otherwise provided in the Specialist Agreement, all Exchange Requirements pertaining to Registered Traders shall apply to a Specialist, including but not limited to, procedures for allocation of Specialist appointments, determination of responsibilities of Specialists and review of performance of Specialists.~~ ~~(4) Where more than one Participating Organization is appointed by the Exchange as Specialist for a particular security, the obligations of the Participating Organizations may be joint and several as specified in the Specialist Agreement.~~ ~~(5) The Exchange may revoke or suspend approval of a Specialist, subject to the provisions of Part 7.~~ ~~(6) The trading activities of the Specialist in securities the subject of the Specialist Agreement shall be performed by an Approved Trader employed by~~	

PART 4 – TRADING OF LISTED SECURITIES **DIVISION 6 – ~~REGISTERED TRADERS~~ MARKET MAKERS**	
~~the Specialist.~~	

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PART 4 – TRADING OF LISTED SECURITIES **DIVISION 7 – OPENING**	
4-702 Delayed Openings (1) A security shall not open for trading if, at the opening time: (a) orders that are guaranteed to be filled pursuant to Rule 4-701 cannot be completely filled by offsetting orders; or (b) the COP exceeds price volatility parameters set by the Exchange. (2) The ~~Responsible Registered Trader~~ Market Maker may delay the opening of a security for trading if: (a) the COP differs from the previous closing price for the security or from the anticipated opening price on any other recognized stock exchange where the security is listed by an amount greater than the greater of 5% of the previous closing price for the security and $0.05; (b) the opening of another recognized stock exchange where the security is interlisted for trading has been delayed; or (c) the COP is less than the permitted difference from the previous closing price for the security, but is otherwise unreasonable. (3) ~~A Market Surveillance Official may delay the opening of a listed security when the circumstances specified in Rule 4-702(2) exist and there is no Responsible Registered Trader for the security or neither the Responsible Registered Trader nor the designated back-up is available to delay the opening.~~ **Proposed Repeal (Rule Book changes pending regulatory approval)** (4) If the opening of the listed security is delayed, the ~~Responsible Registered Trader~~ Market Maker or Market Surveillance Official, as the case may be, shall open the security for trading according to	

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Exchange Requirements.	

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PART 4 – TRADING OF LISTED SECURITIES **DIVISION 8 – POST OPENING**	
Rule 4-802 Allocation of Trades (1) An order that is entered for execution on the Exchange may execute without interference from any order in the Book if the order is: (a) part of an internal cross; or (b) an unattributed order that is part of an intentional cross~~.~~; (c) part of an intentional cross entered by a Participating Organization in order to fill a client's Special Trading Session order that was placed during the Regular Session; or (d) part of an exempt related security cross, provided that the order is exempt from interference only to the extent that there are no offsetting orders entered in the Book, at least one of which is an order entered by the same Participating Organization, which can fill both the client's order for the particular security, in whole or in part, and an equivalent volume of the client's order for the related security. Orders in the Book will only be considered to be offsetting orders if the related security spread on execution of the client's orders against orders in the Book is equal to or more beneficial than the related security spread offered by the Participating Organization for the contingent cross arrangement. **Proposed Amendment (Cross Interference Exempt Marker initiative pending regulatory approval)** (2) Subject to subsection (1), an intentional cross is executed without interference from orders in the Book, other than orders entered in the Book by the same Participating Organization according to	**4-802 Allocation of Trades** (1) MGF Facility The MGF facility provides an automatic and immediate "one price" execution of Participating Organizations' client market orders and tradeable limit orders of up to the MGF in the security at the current market price. (a) **Obligations** ~~Responsible Registered traders~~ Market Makers shall buy or sell the balance of an incoming MGF-eligible order at the current market price when there are not sufficient committed orders to fill the incoming order at that price. In return, they are entitled to one-half of each incoming MGF-eligible order after Participating Organizations crosses. ~~Responsible Registered Traders~~ Market Makers shall also purchase or sell to any imbalance of MGF-eligible orders on the opening that cannot be filled by orders in the Book. (b) **Size of MGF** The minimum size of MGF is one share less than two board lots. ~~For stocks with a board lot size of 100 shares, the minimum is 199 shares. This minimum is acceptable for Tier B stocks. The minimum size of the MGF for Tier A stocks is 599 shares (for stocks with a 100 share board lot).~~ (2) ~~Registered Trader~~ Market Maker Participation At the option of the ~~Responsible Registered Trader~~ Market Maker, the ~~Responsible Registered Trader~~ Market Maker may participate in any immediately tradeable orders (including non-client orders) that are equal to or less than the size of the ~~Registered Trader's~~ Market Maker's MGF for the ~~stock~~ security. The ~~Responsible Registered Trader~~ Market Maker may participate for 40% of the MGF order at the bid price, the ask price, or both. While the ~~Responsible Registered Trader~~ Market Maker is participating, all client orders that are equal to or less in size than the MGF for the ~~stock~~ security, including those marked "BK", shall be guaranteed a fill. If the ~~Responsible Registered Trader~~ Market Maker is not participating, only MGF-eligible orders shall be guaranteed a fill.

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time priority, provided that the order in the Book is not an unattributed order. (3) A tradeable order that is entered in the Book shall be executed on allocation in the following sequence: (a) to offsetting orders entered in the Book by the Participating Organization that entered the tradeable order according to the time of entry of the offsetting order in the Book, provided that neither the tradeable order nor the offsetting order is an unattributed order; then (b) to offsetting orders in the Book according to the time of entry of the offsetting order in the Book; then (c) to the ~~Responsible Registered Trader~~ Market Maker if the tradeable order is eligible for a Minimum Guaranteed Fill.	(3) Use of MGF by US Dealers Orders on behalf of American securities dealers ("U.S. dealers") to buy or sell listed securities that are interlisted with NASDAQ are not eligible for entry into the MGF system. The orders (if they would otherwise be MGF-eligible) must be marked "BK" in order to avoid triggering the responsible ~~Registered Trader's~~ Market Maker's MGF ~~Minimum Guaranteed Fill~~ obligation. This Policy applies even if the U.S. dealer is paying a commission. Orders on behalf of clients of U.S. dealers are eligible for entry into the system. Participating Organizations accepting an order from a U.S. dealer must ascertain whether the order is on behalf of a client. If the Participating Organization is unable to determine the status of the order, the order is to be treated as ineligible for entry into the MGF system. Orders on behalf of U.S. dealers that are facilitating a trade for a client of that dealer are not eligible for entry into the MGF system and must be marked "BK".
4-803 - Repealed (August 7, 2001)	
4-804 ~~Registered Trader~~ Market Maker and Principal Account Orders All orders for listed securities for a ~~Registered Trader~~ Market Maker account or a principal account that better the bid or the ask shall be for at least the amount of the MGF for that listed security.	

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PART 4 – TRADING OF LISTED SECURITIES **DIVISION 1 – MARKET FOR LISTED SECURITIES**	
Rule 4-103 Wide Distributions **No amendments to Rule 4-103 are proposed in connection with TSX's market making reforms.**	**Rule 4-103 Wide Distributions** * * * Qualified Bids — At the announcement of the distribution, the market in the security shall be halted. All bids above the distribution price on the Exchange shall be filled at the distribution price. Bids at the distribution price shall be filled, however, the distributing Participating Organization is only required to fill qualified bids at the distribution price until 20% of the distribution has been sold on the Exchange. This means that, of the total distribution, at least 20% must be made available to qualified bids and the ~~Responsible Registered Trader~~ Market Maker ~~and options specialist (as set out below)~~. However, all qualified bids above the distribution price must be filled, even if this represents more than 20% of the distribution. The distributing Participating Organization may increase the

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	distribution price at any time before the Exchange announces the distribution. In addition to the qualified bids, a minimum of 10 times the Minimum Guaranteed Fill for the stock shall be made available to the ~~Responsible Registered Trader~~ Market Maker to enable the ~~Registered Trader~~ Market Maker to perform market making responsibilities, except as noted below. ~~A minimum of 10 times the MGF shall also be allocated to the options specialist(s), if any, to enable them to conduct a closing rotation~~. Less stock may be made available if the stock to be sold the ~~Registered Trader~~ Market Maker ~~and options specialist~~, when combined with the qualified bids that are filled, exceeds 20% of the distribution (in which case, stock only need be provided up to the 20% threshold). For example, a Participating Organization wishes to distribute 625,000 shares of ABC Co. at $40 (20% is 125,000 shares). At the time the distribution is announced, the following bids are on the Exchange at the close: 22,500 40.20 22,500 40.15 25,000 40.10 20,000 40.05 15,000 40.00 90,000 shares are required to fill qualified bids at above the distribution price. Assuming an MGF of 1099 on the stock ~~(and assuming that ABC options are traded on the Exchange)~~, a total of 20,000 shares are to be made available to the ~~Registered Trader~~ Market Maker ~~and options specialist~~. This, added together to the 15,000 shares bid at the distribution price, would bring the total amount required to fill all qualified bids to 125,000 shares, or more than 20% of the total. Only 35,000 shares would be required to be made available to the qualified bids and to the ~~Registered Trader~~ Market Maker ~~and options specialist~~, and these would be allocated on an equal basis. If, in this example, the distributing Participating Organization wished to bring other Participating Organizations into the distribution to assist in selling, it would have to fill all bids at $40. Acceptance of shares by qualified bidders is not mandatory. *Note: The above paragraphs refer to entitlement of bidders on the Exchange to participation. If a distributing Participating Organization wishes to include other Participating Organizations at the same price after announcement of the distribution but before the end of the distribution period, such inclusion is not contrary to these rules, provided that all qualified bids at the distribution price have been filled and stock made available to the ~~Registered Trader~~ Market Maker ~~and the options specialist~~. Equally, the distributing Participating Organization may take back any unsold shares or unwanted shares. Such flexibility is to emulate the practices used in underwritten distributions.* * * *

Chapter 25

Other Information

25.1.1 OSC By-law No. 2

ONTARIO SECURITIES COMMISSION

BY-LAW NO. 2

(EFFECTIVE JANUARY 18, 1998)

A By-law relating to conflicts of interest in connection with the conduct of the affairs of the Ontario Securities Commission (the "Commission")

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BE IT ENACTED as a By-law of the Commission as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions. In this By-law, unless the context otherwise requires:

"Acts" means the Securities Act and the Commodity Futures Act, "Securities Act" means the *Securities Act*, R.S.O. 1990, c. S.5, and any statute that may from time to time be substituted therefor, as it may be amended from time to time, and "Commodity Futures Act" means the *Commodity Futures Act*, R.S.O. 1990, c. C.20, and any statute that may from time to time be substituted therefor, as it may be amended from time to time;

"Board", "By-Laws", "Chair", "employee", "Member", "special employee" and "Vice-Chair" shall have the meanings ascribed thereto in By-law No. 1 of the Commission;

"exempt securities" means those securities listed or referred to in Appendix "A" and those securities held in a blind trust, or under a similar non-trust arrangement, referred to in section 2.3;

"full-time Member" means the Chair and any Vice-Chair of the Commission;

"proceeding" means formal public proceedings of the Commission in which the rights or obligations of a particular individual, firm or company are at issue, but does not include proceedings of the Commission in which only rules, policies or other matters of general policy, or only matters affecting a class of persons, firms or companies, are at issue;

"part-time Member" means a Member who is not a full-time Member;

"registrant" means a registrant under the Securities Act or the Commodity Futures Act;

"security" means any instrument regulated under the Securities Act or the Commodity Futures Act including, but without limiting the generality of the foregoing, shares, options, warrants, bonds, debentures, units, participation certificates, commodity futures contracts, commodity futures options and other derivative instruments; and

"spouse" means, as regards any person, any person who resides in the same home as that person and to whom that person is married or with whom that person is living in a conjugal relationship outside marriage.

Unless defined above, all terms that are contained in this By-law and which are defined in the Securities Act shall have the meanings given to such terms in the Securities Act. Words importing the singular number include the plural and vice versa, words importing gender include the masculine, feminine and neuter genders, and words importing a person include an individual, a sole proprietorship, a partnership, an unincorporated association, an unincorporated syndicate, an unincorporated organization, a trust, a body corporate and a natural person in his or her capacity as trustee, executor, administrator or other legal representative. A reference in this By-law to an officer of the Commission shall include any person performing the duties of that officer in the absence of that officer.

1.2 Purpose.

(a) Integrity - The Commission has been entrusted with the protection of the public interest in the operations of the securities and commodity futures markets in Ontario. In view of the effect which Commission action frequently has on the markets, it is important that Members, employees and special employees maintain high standards of honesty, integrity and impartiality. They must be constantly aware of the need to avoid situations which might result in either actual or apparent misconduct or conflict of interest.

(b) Required Compliance - Members, employees and special employees shall at all times abide by the requirements set forth in this By-law. It shall be a term and condition of employment of each employee and a term and condition of each contract for the services with the Commission of a special employee that the employee or special employee, as the case may be, complies with this By-law.

(c) Non-derogation - This By-law is in addition to, and in no way derogates from, any applicable statutory provisions, regulations or other By-laws.

1.3 Exemptions. Any person who believes that any requirement of this By-law will result in undue hardship in a particular case may apply for an exemption. No exemptions from this By-law shall be permitted except with the written consent of the Executive Director (in the case of employees or special employees, other than the Executive Director), the Chair (in the case of the Executive Director and Members, other than the Chair) or a Vice-Chair (in the case of the Chair). Exemptions from this By-law may be permitted where the obligations are not, in the opinion of the person granting the exemption, appropriate in the circumstances. All exemptions granted by the Chair, a Vice-Chair or the Executive Director shall be reported to and be subject to any contrary decision of the Board.

1.4 Interpretation. Subject to section 4.4, the Board may interpret the provisions of this By-law from time to time, and the interpretation of any provision hereof by the Board shall be final and conclusive.

1.5 Internal Affairs. This By-law relates to the internal affairs of the Commission, and, without prejudice to any right or remedy arising at law without regard to the provisions of this By-law, no failure by any Member, employee or special employee to comply with any provision of this By-law shall affect the validity of any action taken by the Commission or give rise to any rights or remedies by any person.

ARTICLE 2 - REQUIREMENTS

2.1 Avoidance of Conflict and Disclosure. Each Member, employee and special employee shall, except as permitted by this By-law, endeavour to avoid actual or apparent conflicts of interest, and shall identify and disclose, in accordance with section 2.5 of this By-law, any which may arise. In any case of doubt, the Chair, a Vice-Chair or the Executive Director shall be consulted. In determining how to deal with an actual or apparent conflict, all of the circumstances of the case, including the actual state of knowledge, the bona fides of the person involved and the materiality of the conflict, shall be considered.

2.2 Conflicts. No Member, employee or special employee shall:

(1) engage, directly or indirectly, in any personal business transaction or private arrangement for personal profit or benefit which accrues from or is based upon his or her official position or authority or upon confidential or non-public information which he or she gains by reason of such position or authority;

(2) accept the services of a registrant on terms which he or she knows to be more favourable than those generally available from the registrant;

(3) divulge confidential or non-public information to any unauthorized person;

(4) act in the course of his or her duties in any matter with respect to which he or she has a personal interest incompatible with an unbiased exercise of official judgment;

(5) except for part-time Members, and then only after written notice to the Chair, hold office in or be a director of any registrant or any reporting issuer; or

(6) if a full-time Member or employee, engage in any outside work or business undertaking which interferes with the performance of his or her duties to the Commission.

2.3 Securities Transactions.

(1) Application - Subject to the exceptions noted below, this section 2.3 shall apply to all securities transactions effected, directly or indirectly, by or on behalf of a Member, employee or special employee for his or her own account or for any account in which trades are made in securities over which such individual has, or will after the trade have, control or direction. This section 2.3 shall not apply to securities transactions involving funds of the Member, employee or special employee where a blind trust or similar non-trust arrangement (under which, in either case, a person or persons other than such individual has sole discretion to direct and effect all purchases and sales of securities held by the trust or under the agreement, and the individual is not informed as to the securities so held) is used and the Executive Director (in the case of employees or special employees, other than the Executive Director), the Chair (in the case of the Executive Director and Members, other than the Chair) or a Vice-Chair (in the case of the Chair) has been informed in writing of the terms of such trust or arrangement and has given written approval.

(2) Investment Intent - A full-time Member, employee or special employee shall only trade with investment intent, and shall not engage in short-term, speculative trading.

(3) Insider Trading and Tipping - No Member, employee or special employee shall:

(a) purchase or sell securities of a reporting issuer with the knowledge of a material fact or material change with respect to the reporting issuer that he or she knows or ought reasonably to know has not been generally disclosed to the public; or

(b) inform, other than in the necessary course of his or her duties, another person or company of a material fact or material change with respect to a reporting issuer that he or she knows or ought reasonably to know has not been generally disclosed to the public.

(4) Prospectuses and Applications - No Member, employee or special employee participating in the processing of any form of prospectus filing, or an application for any decision under the Acts, shall trade any security which is the subject of such filing or application, or any other security of the same issuer, while such filing is being processed or such application is pending.

(5) Investigations - No Member, employee or special employee shall trade in any securities of a reporting issuer with the knowledge that the reporting issuer, or any of its insiders, associates or affiliates, is the subject of an investigation (formal or otherwise) by the Commission or any other regulatory or law enforcement agency.

(6) Registrants - No Member or employee shall have a direct or indirect beneficial interest in any registrant or any of its affiliates, other than an interest in securities which are traded on a stock exchange or, in the case of debt securities, an over-the-counter market, or in securities in respect of which the Executive Director (in the case of employees, other than the Executive Director), the Chair (in the case of the Executive Director and Members, other than the Chair) or a Vice-Chair (in the case of the Chair) has consented in writing to the investment.

(7) Take-Over Bids, etc. - No Member, employee or special employee shall trade in securities of a reporting issuer involved in an announced formal take-over bid, issuer bid or going private transaction, except to tender securities into the take-over bid or issuer bid or to sell securities into the market, and then only if such sales are otherwise in compliance with the provisions of this section 2.3.

2.4 Reporting Obligations.

(1) Certificate of Compliance - At the time of taking office or employment or being seconded, a Member, employee or special employee shall file an Undertaking substantially in the form annexed hereto as Appendix

"B". As at December 31 of each year thereafter, each Member, employee or special employee shall file a Certificate of Compliance substantially in the form annexed hereto as Appendix "C". Each Undertaking and Certificate of Compliance shall disclose whether the individual or the spouse of the individual is employed with a registrant and a portfolio statement containing a complete list of all securities, with the exception of exempt securities, beneficially owned, directly or indirectly, at the time.

(2) Standing Instructions to Registrants - Each Member, employee and special employee shall either (a) submit to each registrant with whom that individual has an account (including any account in which trades will be made in securities over which such individual has, or will after the trade have, control or direction) standing instructions, substantially in the form annexed as Appendix “D”, to forward to the Chair, a Vice-Chair or the Executive Director, as appropriate, copies of all trade confirmations, monthly portfolio statements and statements of account (other than with respect to exempt securities) which are sent to the Member, employee or special employee, or (b) within five business days of the transaction date, report all securities trades, other than trades in exempt securities, effected by him or her or by any account in which trades are made in securities over which such individual has, or will after the trade have, control or direction.

(3) Reporting Breaches - Each Member, employee or special employee shall immediately report any breach of this By-law of which he or she becomes aware.

(4) Confidentiality - Except with the agreement of the applicable Member, employee or special employee or as required by section 1.3, information supplied by him or her or by a registrant in respect of him or her pursuant to the provisions of this By-law shall be retained in confidence by the person to whom such information is disclosed, except as required by applicable law or in connection with any administrative, disciplinary or court proceeding involving the Member, employee or special employee. The Commission shall use all reasonable efforts to maintain the confidentiality of this information under the Freedom of Information and Protection of Privacy Act, 1987, and any statute that may from time to time be substituted therefor, as it may be amended from time to time.

(5) Filings - All filings and reports required under this section 2.4 shall be made with the Executive Director (in the case of employees or special employees, other than the Executive Director), the Chair (in the case of the Executive Director and Members, other than the Chair) or a Vice-Chair (in the case of the Chair).

2.5 Personal Interest of Members, Employees and Special Employees.

(1) Each Member, employee or special employee shall immediately report in writing:

(a) any actual or apparent conflict of interest;

(b) if he or she has securities of, or has a personal or other interest in, an issuer involved in a matter assigned to him or her; or

(c) if his or her prior employment or relationship may reasonably be considered to prejudice or affect his or her work on an assignment.

(2) All reports required under this section 2.5 shall be made to the Executive Director (in the case of employees or special employees, other than the Executive Director), the Chair (in the case of the Executive Director and Members, other than the Chair) or a Vice-Chair (in the case of the Chair).

2.6 Disciplinary Action and Appeals.

(1) The failure to comply with any of the provisions of this By-law by a Member, employee or special employee without an exemption may be cause for disciplinary or other appropriate action, including termination of his or her appointment, employment or secondment.

(2) Any Member, employee or special employee directly affected by any such action shall be entitled to:

(a) grieve the action in accordance with the provisions of a collective agreement, where the terms and conditions of employment are covered by such a collective agreement; or

(b) where the terms and conditions of employment or appointment are not covered by a collective agreement, a hearing and review thereof by the Commission or any person or persons designated by the Commission for such purposes.

ARTICLE 3 - ACTIVITY FOLLOWING RETIREMENT

3.1 Restrictions on Practice. Except with the prior written authorization of the Chair, none of the persons described below in this section shall deal with the Commission, or any Member, employee or special employee, on behalf of any client, whether in the course of an application, a proceeding or other hearing or informally, during the period of:

(a) in the case of a former full-time Member or a former Executive Director, one year;

(b) in the case of a former Director or a former Manager, six months; and

(c) in the case of any other former employee who was employed by the Commission as a lawyer or accountant and had more than two years service with the Commission, three months;

in each case from the date on which the person ceases to be a full-time Member or an employee, as the case may be.

3.2 Confidentiality. No former Member, former employee or former special employee shall divulge to any unauthorized person any confidential or non-public information obtained by him or her in the course of his or her service with the Commission.

ARTICLE 4 - PROCEEDINGS

4.1 General Rule. No Member shall participate in a proceeding:

(a) if in respect of such proceeding he or she has a personal interest which is, or could reasonably be perceived to be, incompatible with an unbiased exercise of his or her judgment;

(b) if for any other reason he or she is of the opinion that he or she would be unable to render an impartial decision; or

(c) if his or her continuing or prior associations or relationships (including family and other close personal relationships) would reasonably be perceived as not enabling him or her to render an impartial decision in respect of such proceeding.

4.2 Rules Relating to Relationship of Member with Party to Proceeding.

(1) Without limiting the generality of section 4.1:

(a) no Member shall participate in a proceeding if such Member has any material financial interest in, or continuing material relationship with, or has within the past twelve months had a material relationship with, a party to such proceeding;

(b) no Member shall participate in a proceeding if any associate of such Member has a material financial interest in, or continuing material relationship with, or has within the past twelve months had a material relationship with, a party to such proceeding; and

(c) no Member shall participate in a proceeding if such Member has, within the past five years, had a long-standing professional relationship with a party to such proceeding.

(2) For the purposes of clauses (1)(a) and (b), a material financial interest shall include any type of economic interest that is material to the Member or his or her associate, as applicable, including material pensions or other material benefits, but for greater certainty shall be deemed not to include a portfolio investment of a value not in excess of $10,000 that does not constitute more than 1% of a Member's net worth.

(3) For the purposes of clauses (1)(a) and (b), a material relationship shall include any type of relationship that is material to the Member or his or her associate, as applicable, including that of a director, officer, employee, partner, adviser or consultant.

4.3 Rules Relating to Relationship of Member with Person Representing Party to Proceeding.

(1) Without limiting the generality of section 4.1:

(a) no Member shall participate in a proceeding if such Member has any material financial participation in, or continuing material relationship with, any individual, firm or company representing, or otherwise associated with, a party to such proceeding;

(b) no Member shall participate in a proceeding if such Member has, within the past twelve months, had a material relationship with any individual, firm or company representing, or otherwise associated with, a party to such proceeding; and

(c) no Member shall participate in a proceeding if the firm or company with which such Member was associated immediately prior to his or her appointment as a Member was involved to a substantial degree in the particular matter before the Commission in such proceeding while such Member was associated with such firm or company.

(2) For the purposes of clause (1)(a), a material financial participation means a form of profit participation and excludes, for greater certainty, a fixed interest such as a pension or the provision of office premises.

(3) For the purposes of clauses (1)(a) and (b) above, a material relationship shall not include occasional consultations of an informal nature with directors, officers, employees, partners or associates of a firm, company or other person.

4.4 Procedure.

(1) In connection with any proceeding in which they are asked to participate, Members, other than the Chair, shall disclose all continuing and prior interests, participations and relationships which could potentially give rise to a conflict of interest to the Chair, and the Chair shall make similar disclosure to a Vice-Chair.

(2) Notwithstanding sections 4.1 through 4.3, the Chair shall be entitled to determine whether or not any other Member shall participate in a proceeding and a Vice-Chair shall be entitled to make such determination in respect of the Chair.

(3) Any determination under subsection 4.4(2) shall be final and binding for all purposes of this By-law.

(4) Members shall not request any party to a proceeding to waive any conflict of interest or to consent to the participation of any Member in a proceeding if such participation would be contrary to this By-law, but if all parties to a proceeding so agree in writing or on the record, a Member may participate in a proceeding even if he or she would otherwise be precluded from so doing by any provision of this By-law.

ARTICLE 5 - EFFECTIVE DATE

5.1 Effective Date. This By-law shall come into force on the date provided for in the Securities Act.

ADOPTED by the Board in accordance with the Securities Act the 4th day of November, 1997.

Morley P. Carscallen
Vice-Chair

Daniel P. Iggers
Secretary

Appendix "A"

1. Securities referred to in clauses 35(2)1, 2 and 4 through 9, inclusive, of the Securities Act.

2. Securities received under dividend or distribution reinvestment plans.

3. Securities of a company which was not incorporated, continued or amalgamated under the laws of Canada or a province or territory thereof and is not a reporting issuer.

4. Securities of a private company where:

    (a) the securities are not offered for sale to the public; and

    (b) the private company does not, directly or indirectly, hold securities, other than exempt securities, of a reporting issuer.

5. Securities which are derivatives derived from exempt securities.

6. Open-end mutual funds.

7. Exchange-traded index participation units.

8. Securities bought or sold under an automatic share purchase plan or similar kind of automatic plan, provided that the plan participant discloses, in accordance with section 2.4(5),

    (a) The details of the plan, including whether the participant is buying or selling, the security being bought or sold, the quantity or amount being bought or sold, and the frequency of the automatic transactions;

    (b) When they start participating in the plan;

    (c) When they stop participating in the plan; and

    (d) When they make any changes to the details of the plan and what those changes are.

9. Such other securities as may be designated for such purpose from time to time by the Board.

Appendix "B"

Undertaking

To: Chair/Executive Director,
Ontario Securities Commission

I understand the provisions of By-law No. 2 of the Ontario Securities Commission regarding conflicts of interest and undertake to observe them. I undertake that I will not depart from the requirements of the By-law without the prior written consent of, or an exemption granted by, the Chair/Vice-Chair/Executive Director, as applicable under the By-law.

Check applicable box(es):

___ I do not beneficially own, directly or indirectly, or exercise control or direction over, any securities, other than exempt securities.

___ I have attached hereto a portfolio statement containing a complete list of all securities, with the exception of exempt securities, beneficially owned, directly or indirectly, by me or over which I exercise control or direction.

___ I have submitted standing instructions to each registrant with whom I have an account, or through or with whom I trade any securities over which I have, or will after the trade have, control or direction, directing that copies of trade confirmations and monthly portfolio statements be forwarded to the office of the Chair/Vice-Chair/Executive Director, as applicable.

___ I will, within five business days of the transaction date, report, in accordance with the By-Law, all securities trades, other than trades in exempt securities, effected to me or by any account in which trades are made in securities over which I have, or will after the transaction have, control or direction.

If I would be considered under the Securities Act to beneficially own any securities, I will be deemed to beneficially own such securities for the purposes of this Undertaking.

If my spouse is a registrant or employed by a registrant under the Securities Act or Commodity Futures Act, I have disclosed below the names of my spouse and the registrant. If I am employed by a registrant under either of such Acts, I have disclosed below the name of the registrant.

Name of Spouse:

Name of Registrant/Employer:

Dated: ..... Signed:

.....
(Print Name)

Appendix "C"

Certificate of Compliance

To: Chair/Vice-Chair/Executive Director,
Ontario Securities Commission

I understand the provisions of By-law No. 2 of the Ontario Securities Commission regarding conflicts of interest and confirm that I have observed them.

Check applicable box(es):

___ I do not beneficially own, directly or indirectly, or exercise control or direction over, any securities, other than exempt securities.

___ I have attached hereto a portfolio statement containing a complete list of all securities, with the exception of exempt securities, beneficially owned, directly or indirectly, by me or over which I exercise control or direction.

___ I have submitted standing instructions to each registrant with whom I have an account, or through or with whom I trade any securities over which I have, or will after the trade have, control or direction, directing that copies of trade confirmations and monthly portfolio statements be forwarded to the office of the Chair/Vice-Chair/Executive Director, as applicable.

___I will, within five business days of the transaction date, report, in accordance with the By-Law, all securities trades, other than trades in exempt securities, effected to me or by any account in which trades are made in securities over which I have, or will after the transaction have, control or direction.

If I would be considered under the Securities Act to beneficially own any securities, I will be deemed to beneficially own such securities for the purposes of this Consent.

If my spouse is a registrant or employed by a registrant under the Securities Act or Commodity Futures Act, I have disclosed below the names of my spouse and the registrant. If I am employed by a registrant under either of such Acts, I have disclosed below the name of the registrant.

Name of Spouse:

Name of Registrant/Employer:

Dated: ..... Signed:

.....
(Print Name)

Form of Portfolio Statement

A list of all securities, other than exempt securities, beneficially owned, directly or indirectly, by me, or over which I have control or direction, is disclosed below or attached hereto.

Number of securities	Issuer	Description of securities/ Face value of debt

Dated: _____ Signed: _____

_____
(Print name)

Appendix "D"

Authorization and Direction

From:

(the "Investor")

Address:

Account Number(s)

To:

(the "Registrant")

Address:

The Investor hereby authorizes and directs the Registrant to send the following material respecting his or her accounts and trades [and the accounts listed in the Schedule to this Authorization and Direction in which trades will be made in securities over which the Investor has, or will after the trade have, control or direction] to the Chair/Vice-Chair/Executive Director [delete inapplicable references] of the Ontario Securities Commission (the "Commission"):

(a) copies of all trade confirmations which are sent to the Investor in respect of trades in securities and open positions respecting futures contracts and options thereon undertaken by the Registrant on behalf of the Investor, within five business days after the transaction date; and

(b) copies of all monthly portfolio statements and statements of account which are sent to the Investor, concurrently with the sending of such statements to the Investor.

This Authorization and Direction is given by the Investor, who is an employee, special employee or member of the Commission, for the purpose of compliance with the reporting obligations under By-law No. 2 of the Commission regarding conflicts of interest.

Please forward the above-mentioned material to the following address in a sealed envelope marked "Personal and Confidential":

The Chair/Vice-Chair/Executive Director [delete inapplicable references]
Ontario Securities Commission
20 Queen Street West, Suite 1800
Toronto, Ontario
M5H 3S8

Re: By-law No. 2
PERSONAL AND CONFIDENTIAL

This Direction shall remain in force and effect from year to year, until you are notified by the Investor or by the Chair/Vice-Chair/Executive Director [delete inapplicable references] of the Commission that it is no longer in force.

DATED: _____ , 19___.

Signed:

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