The Ontario Securities Commission

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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

APRIL 30, 2004

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

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Suresh Thakrar	—	ST
Wendell S. Wigle, Q. C.	—	WSW

SCHEDULED OSC HEARINGS

DATE: TBA	**Ricardo Molinari, Ashley Cooper, Thomas Stevenson, Marshall Sone, Fred Elliott, Elliott Management Inc. and Amber Coast Resort Corporation** s. 127 E. Cole 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: HLM/MTM/ST * BMO settled Sept. 23/02 + April 29, 2003
May 10, 12-14, 2004 10:00 a.m.	**John Craig Dunn** s. 127 K. Manarin in attendance for Staff Panel: WSW/RWD/PKB
June 2004	**Gregory Hyrniw and Walter Hyrniw** s. 127 K. Wootton in attendance for Staff Panel: TBA
June 24, 2004 10:00 a.m.	**Donald Greco** s. 8(2) and 21.7 A. Clark in attendance for Staff Panel: PMM/SWJ/RLS

July 26, 2004 (on or about)	**Brian Anderson and Flat Electronic Data Interchange ("F.E.D.I.")**
10:00 a.m.	s. 127
	K. Daniels in attendance for Staff
	Panel: HLM/RLS
October 18 to 22, 2004 October 27 to 29, 2004 November 2, 3, 5, 8, 10-12, 15, 17, 19, 2004 10:00 a.m.	**ATI Technologies Inc., Kwok Yuen Ho, Betty Ho, JoAnne Chang, David Stone, Mary de La Torre, Alan Rae and Sally Daub**
	s. 127
	M. Britton in attendance for Staff
	Panel: PMM/MTM/PKB

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

Global Privacy Management Trust and Robert Cranston

Philip Services Corporation

Robert Walter Harris

Andrew Keith Lech

S. B. McLaughlin

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

1.1.2 CSA Notice 81-311 Report on Consultation Paper 81-403 Rethinking Point of Sale Disclosure for Mutual Funds and Segregated Funds

CSA NOTICE 81-311

REPORT ON CONSULTATION PAPER 81-403
RETHINKING POINT OF SALE DISCLOSURE FOR MUTUAL FUNDS AND SEGREGATED FUNDS

Introduction

The Canadian Securities Administrators (the CSA or we) are publishing a summary of the comments we received on Consultation Paper 81-403 *Rethinking Point of Sale Disclosure for Mutual Funds and Segregated Funds (the consultation paper)* together with our responses. We published the consultation paper for comment on February 14, 2003. It described a new approach to mutual fund and segregated fund disclosure that would:

- introduce a new fund summary document that we would require be delivered to investors prior to investing in a mutual fund
- make available a consumers' guide geared at novice investors that would explain mutual funds and segregated funds, and the difference between them
- enhance continuous disclosure
- develop a new foundation document that would contain the detailed information about the mutual fund.

While the comments generally supported our proposals, commenters also raised a number of issues that we are still considering.

When in force, our proposed rule NI 81-106 *Investment Fund Continuous Disclosure*, will implement an enhanced continuous disclosure regime for investment funds that meets this objective in the concept proposal. Accordingly, we will not be doing any additional work in this area as part of this initiative.

Through the Joint Forum of Financial Markets Regulators, we will continue to work with the Canadian Council of Insurance Regulators to coordinate the development and implementation of the consultation paper in a similar fashion for both segregated funds and investment funds.

Implementation

Within the next few months, the CSA will begin drafting the rules that would implement the consultation paper. The work will be done in two phases.

Phase I — Spring 2004 to Spring 2005:

We will:

- refine the consumers' guide,
- develop a new right of withdrawal to replace existing rights of withdrawal and rescission and consider what Act amendments and rules we might need to give effect to this new right
- develop and test a fund summary document with consumers, and
- develop new delivery mechanisms to replace existing prospectus delivery requirements.

We will publish for comment the proposed fund summary document, the consumers' guide and the rule amendments that will give effect to the new right of withdrawal, the adoption of the fund summary document and the changes to the prospectus delivery requirements in spring 2005.

Phase II — Beginning Spring 2005:

We will examine the need to develop a new foundation document that would replace the existing simplified prospectus and annual information form.

As we complete each phase, we will publish our proposals for public comment.

Questions

Please refer your questions to any of the following people:

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April 30, 2004.

Summary of Comments and Responses to *Joint Forum Consultation Paper 81-403: Rethinking Point of Sale Disclosure for Segregated Funds and Mutual Funds* follows

Joint Forum Consultation Paper 81 – 403:
Rethinking Point of Sale Disclosure for Segregated Funds and Mutual Funds

Summary of Comments
and Responses

Prepared by the Canadian Securities Administrators and
the Canadian Council of Insurance Regulators

Outline of this paper's contents

Background

How to read this paper

Overview of the comments

The comments and our responses

- General
- Harmonizing the regulation of segregated funds and mutual funds
- Problems with the existing systems
- The objectives of disclosure
- The root of the problem
- The basis for a solution
  - Unbundle the documents: per fund documents vs. fund family documents
  - Think about timing: when should investors receive the fund summary?
  - Think about the mode of delivery: electronic access/delivery
  - Ensure it happens on a national basis
- Our proposals
  - The fund summary document
  - The foundation document
  - The continuous disclosure record
  - The consumers' guide
  - Consumers' rights—The rights of withdrawal and rescission
- How our proposals interact with other initiatives
- How our proposals relate to the regulation of investment funds other than conventional mutual funds
- The costs versus the benefits of our proposals

Appendix 1: List of Respondents

Background

On February 13, 2003, the Joint Forum of Financial Market Regulators (the Joint Forum) released Consultation Paper 81-403 *Rethinking Point of Sale Disclosure for Segregated Funds and Mutual Funds* (the Consultation Paper) and a background paper for public comment. The Consultation Paper outlined our proposals to improve the way information about segregated funds and mutual funds is conveyed to consumers[1] at the point of sale.

The comment period for the Consultation Paper ended on April 30, 2003. We received 30 comment letters in total, including letters from:[2]

- 6 trade associations
- 7 life insurance companies
- 8 mutual fund management companies
- 1 hedge fund manager
- 4 portfolio advisers
- 2 mutual fund dealers
- 3 investor advocates, including investor/consumer organizations
- 4 individual consumers
- 1 investment club
- 1 academic
- 1 provider of investment communications services

A list of respondents is set out in **Appendix 1**. All comment letters have been posted on the websites of the Ontario Securities Commission (the OSC) (www.osc.gov.on.ca) and the Canadian Council of Insurance Regulators (CCIR) (www.ccir-ccrra.org). The Joint Forum thanks those who took the time to submit comment letters or otherwise participate in our consultation process.

How to read this paper

In this document, we summarize the public comments received on the Consultation Paper and offer our preliminary responses. We will be turning to additional research and consultation prior to making any final determinations.

We assume you are familiar with the original proposals and we do not repeat them here in any detail. Answers to the specific questions we posed in the Consultation Paper appear in the text boxes throughout this paper.

Please note that we have not responded to each and every comment we received. If you are interested, you can view the original comment letters on either the OSC or the CCIR websites referenced above.

Overview of the comments

The need for regulatory reform

Respondents to our proposals unanimously agreed the point of sale disclosure regimes for mutual funds and segregated funds need to be reformed. Our description of the problems with both mutual fund prospectuses and segregated fund information folders resonated with everyone who wrote to us. The letters reinforced our understanding that consumers do not read these documents, notwithstanding the time and money that goes into producing and delivering them.

---

1 We refer generically to mutual fund investors and IVIC policyholders as "consumers" in this paper, as we did in the Consultation Paper. One respondent took issue with the use of this word because he believes it obscures the fact that mutual fund investors are the beneficial owners of securities while IVIC policyholders have contractual rights. The word "consumer" is used here to streamline the text and should be read to mean mutual fund investor and IVIC policyholder.

2 We note that the number of respondents listed here totals more than 30 because certain comment letters represent the views of more than one respondent. Also, some respondents were counted more than once—for example, an organization offering both mutual funds and segregated funds would be listed twice.

Layered disclosure and the four document system

The layered approach to disclosure proposed in the Consultation Paper was generally well received. Respondents liked the notion of separating the dauntingly large disclosure documents we see today into more functional pieces. Most of the respondents accepted the logic behind the proposed four-document system. However, some letters raised the concern that consumers would become confused by all the different documents and that information would be needlessly repeated.

The respondents were generally enthusiastic about the idea of a one- or two-page fund summary document delivered before the purchase decision is made. We were told this is a more realistic, consumer-friendly approach to communicating key facts at the point of sale.

Our proposal to provide more detailed information in the evergreen foundation document (which would describe the static features of a fund) and the continuous disclosure record (which would contain all of the changing information about a fund) was not controversial. In addition, the separation of static and changing information into different documents was seen as reasonable.

The proposed consumers' guide was popular with industry participants and consumer-respondents alike. A generic educational document explaining the ins and outs of mutual funds and segregated funds was seen as a good thing. The only real controversy arose around the issue of who would be responsible for delivering the guide, whether delivery would be mandatory and whether any consequences would attach to non-delivery. Industry participants would like to have a say about the content of the guide, but they would prefer to leave its ownership in the hands of regulators. They would like to use the guide on a purely voluntary basis and would prefer not to see any consequences flow from a failure to deliver. Consumer-respondents, on the other hand, would like to see mandatory delivery of a document designed with a greater degree of consumer input.

Issue: consolidated fund family documents vs. one document per fund

Industry participants felt it is important that they be given the flexibility to decide what to include in the various documents. In particular, they would like the freedom to create consolidated fund summary and foundation documents that describe all the funds in a fund family. We were reminded that this approach would minimize repetition, be more cost effective and allow consumers to compare among different funds. We were also told a consolidated document would be more convenient for sales representatives to use. Insurance companies were particularly outspoken about the need for consolidated documents that describe the contract and all of the funds the consumer is entitled to chose from under the contract.

In contrast, consumer-respondents tended to favour documents prepared on a per fund basis. They warned us that fund family documents would quickly grow to be unwieldy and told us that fund family documents are really just marketing tools as far as they are concerned.

Issue: disclosure via the use of electronic media

The fund industry appears ready to embrace the use of electronic media to provide fund disclosure. The industry respondents came out strongly in favour of our proposal to permit electronic access to the foundation document and continuous disclosure record in lieu of physical delivery, provided paper copies are delivered upon request. Industry letters spoke enthusiastically about the potential cost savings and reduction in waste. The letters went on to point out that electronic data can be kept more up-to-date than information in commercially printed volumes. They also assured us that such an approach is very workable.

Consumer-respondents, on the other hand, are not as comfortable with the thought of relying on their computers for fund disclosure. They were strongly opposed to our taking what they saw as a negative option approach to disclosure. They told us this is premature because many consumers have neither the ability nor the desire to receive information electronically. They also told us that most people tend not to actively seek out information. Rather than unduly shifting the burden to consumers, we were asked to give them the option to opt-in to electronic access/delivery or decline receipt altogether. Physical delivery should always be the default, they said.

Issue: the rights of withdrawal and rescission

We suggested that the rights of withdrawal and rescission attached to the purchase of mutual fund units could be eliminated if disclosure were provided prior to the point of sale, rather than afterwards. The industry strenuously agreed. The industry letters underscored the fact that the rights are almost never used and when they are, they are used by sophisticated players to time the market. Most industry participants would not introduce any sort of cooling-off period so long as the relevant information about a fund is available before the point of sale.

The view of the consumers who wrote to us is diametrically opposed to that of the industry. We were reminded that consumers hold very few cards and are sometimes subjected to high-pressure sales tactics. Consumer-respondents would like to see regulators provide a meaningful cooling-off period that would be applicable to all purchases.

The comments and our responses

General

Public comments

Support for the general approach

The general approach we took in our proposals received strong support from the majority of respondents. Supporters liked that our proposed regime would:

- be cost efficient.
- be flexible.
- give consumers more accessible and meaningful information.
- encourage sales representatives to use the mandated disclosure documents.
- be environmentally friendly.

The letters commended us on our willingness to return to first principles and encouraged us to take bold steps towards our goal of improving point of sale disclosure for mutual funds and segregated funds.

Concerns with the general approach

But not everyone was convinced our proposals will improve decision-making by investors at the point of sale. Consumer-respondents and consumer advocates, in particular, were uneasy about the thrust of some of our proposals. Some wondered why we were entertaining notions of deregulation at a time when the financial markets are slumping and investor confidence is low.

A few respondents were of the view that parts of our proposals favour the industry's interests over those of consumers, when they should do the opposite. They point out that consumers were not involved in developing the proposals. As a result, they believe our proposals may ask too much of consumers.

Some respondents were concerned that our proposals might make things more complicated for consumers because the information in the current point of sale disclosure documents would be fragmented and consumers would have more documents to review. Another respondent warned the amount of paper could grow under our approach.

One respondent told us that our proposals are a step in the right direction but they are too little, too late. One industry participant questioned whether investors will ever become interested in point of sale disclosure documents, no matter how good they are. Given the reality of consumer apathy, we were asked to be very careful about putting the industry to the trouble and expense of reforming its documents so soon after National Instrument 81-101, the mutual fund prospectus disclosure rule, came into force.

Joint Forum response

Our overarching goal is to improve disclosure for consumers while ensuring that we are not putting them, or the industry, to any unnecessary expense. Our proposals are designed to bring more, not less, information to consumers in a user-friendly format. We do not intend to take any information away from consumers, nor do we intend to make the information less accessible in any way. To ensure we meet this end, we are seeking consumer feedback in the form of consumer surveys and focus testing. The results of this research will inform our thinking as we move forward.

While we acknowledge that consumers of segregated funds and mutual funds are not generally willing to spend a lot of time tending to their investments, we believe they will benefit from improved documents. The reality is that the existing documents are not being read. We must take steps to ameliorate this situation.

Harmonizing the regulation of segregated funds and mutual funds

Public comments

Support for harmonization

The investment funds industry largely supports our goal of harmonizing the point of sale disclosure regimes for segregated funds and mutual funds. Industry participants told us the disclosure requirements should treat the different investment products consistently.[3] One letter explained that segregated funds and mutual funds are fundamentally the same product in the minds of investors and warned that differential treatment would open up the possibility of regulatory arbitrage.

Reservations about harmonization

On the other hand, the insurance industry tells us that one-size may not fit all because there are fundamental differences between mutual funds and segregated funds (see text box directly below).

Joint Forum response

While we recognize the important differences between segregated funds and mutual funds, we continue to believe the different point of sale disclosure regimes should be fundamentally harmonized. Our goal is to design one regime that works for both segregated funds and mutual funds. It must be flexible enough to accommodate the differences between the insurance product and the securities product while giving consumers on both sides the same level of disclosure.

Differences between segregated funds and mutual funds

Question: Are there any differences between segregated funds and mutual funds that we should keep in mind as we work to improve their respective disclosure regimes?

No, there are no significant differences

Segregated funds are just mutual funds with a thin veneer of term-life insurance. The maturity guarantee is not unique to segregated funds—there are mutual funds with such guarantees.

Harmonization should be achieved by tightening up segregated fund regulation rather than loosening up mutual fund regulation.

The disclosure documents for mutual funds and segregated funds should look much the same.

Yes, there are important differences

There are important differences between the products. In the case of mutual funds, the customer is purchasing units of the fund. These units are sold through a distributor and the manufacturer of the fund is not responsible for distribution. Information about the fund is delivered after the sale in the prospectus.

In the case of segregated funds, an insurance company is offering a contract of insurance to a customer which, among other things, allows the customer to participate in a number of investment options. The investment options are not limited to segregated funds, but may include GICs and pooled funds. Segregated funds usually guarantee a percentage of the principal. While segregated funds and mutual funds may be sold through the same distribution channel, the insurance company remains liable for all aspects of the contract, including its distribution. Information about the contract is delivered to a segregated fund customer in advance of the sale in the information folder. The sale of a segregated fund requires a client signature.

[3] As an aside, one respondent asked us to consider removing the requirement for a signature in connection with segregated fund sales to make them more consistent with mutual fund sales. (IDA)

Problems with the existing systems

Is there really a "disconnect"?

Question: Do you agree with our description of the" disconnect" between the theory underlying our point of sale disclosure regimes and practice?

Yes, there is a "disconnect"

There is a serious disconnect between the way the existing disclosure regimes were intended to work and the way they actually work. Prospectuses and information folders serve neither consumers nor the industry particularly well.

The disconnect may be limited to the retail market

Description of the disconnect is accurate for the retail market but it may not accurately describe the exempt market.

The nature of the disconnect

Public comment

The disconnect re consumers

We were told that consumers—particularly the less sophisticated ones—ignore the current documents because:

- they do not have the time to read the documents.
- they are not able to understand the documents. An accounting background is needed for an investor to understand the documents put out by operators[4] because the documents are just too complex and are full of legal jargon.

According to a number of operators, they receive regular complaints from consumers about the volume of materials sent to them. Some consumers specifically ask not to receive this information.

At the same time, we heard from a respondent who believes more and more consumers are starting to read the prospectus and annual report thanks to the bear market. Some respondents are convinced consumers will utilize documents that provide useful information to them.

The disconnect re dealers

We were informed that dealers do not like the existing requirements because:

- Dealer inventories of point of sale documents end up being large and cumbersome.
- The traditional warehouse pick-and-pack fulfilment process is labour intensive, error prone, and has high compliance costs due to stock-outs and delays in tracking and incorporating new documents.

The disconnect re sales representatives

We heard that sales representatives do not use the existing point of sale disclosure documents in the sales process. Many see these documents as a necessary evil and deliver them to their clients reluctantly. Others do not distribute the documents at all on the expectation that head office will do the job for them.

The disconnect re operators

Operators dislike the existing system because the mandated documents are costly to produce[5] and result in a lot of wasted paper.

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4 We use the generic term "operators" in this paper to describe mutual fund managers and insurance companies.

5 On the other hand, one respondent suggested that customers do not generally complain about the cost of the existing documents.

Joint Forum response

The existing documents are not working for consumers, sales representatives, dealers or operators. All could benefit from a layered approach to disclosure coupled with clearly spelled out delivery requirements.

The objectives of disclosure

The comments largely supported our conclusions on the objectives for point of sale disclosure. The respondents agree with us that certain objectives should be emphasized while others can be downplayed or eliminated altogether.

Communicating key information at the point of sale

Public comments

Everyone agrees the most important objective of point of sale disclosure is to communicate key information at the point of sale to consumers so they are empowered to make informed choices. We were reminded that the interests of consumers must govern the design of any disclosure system since the ultimate goal is to help them with their decisions.

Joint Forum response

We agree that consumer input is crucial. As noted above, consumer research will significantly influence the direction of this initiative.

Facilitating comparisons among funds

Public comments

Some industry participants believe facilitating comparisons among funds should also be one of the primary goals of point of sale disclosure. Their remarks indicate that consumers need to be able to compare funds if they are to make an informed purchasing decision. Some believe that a document with a standardized format is important because it allows for easy comparison among funds.

Joint Forum response

We agree that facilitating comparisons among funds should be one of the goals of point of sale disclosure. We are considering the merits of documents with a standardized format.

Educating consumers

Public comments

There is a clear consensus that consumer education is a worthwhile goal. However, some respondents believe point of sale disclosure documents are ill-suited for this purpose. Industry participants reiterate that it is not the responsibility of the operator to educate consumers about general investment concepts as part of the sales process.

Joint Forum response

We continue to believe that educational information is important but should not be included in the point of sale disclosure document. We will further develop the consumers' guide as this initiative moves forward.

The root of the problem

There were mixed views on our description of the issues that give rise to the problem. A number of respondents went on in their letters to draw our attention to other issues that contribute to the problem.

Our laws assume fund consumers need more information than other consumers

Public comments

Industry participants told us that fund consumers are just as sophisticated as consumers of other investment products. In fact, 78% of one bank's mutual fund investors claim to have investment knowledge ranging from fair to excellent.

On the other hand, consumer-respondents and consumer advocates tend to believe that fund investors actually need more information than consumers of other investment products because:

- most mutual fund investors are less investment savvy than other investors.
- fund consumers have no investor protection fund and no fund governance.
- mutual funds are more complex than GICs, savings bonds or common stocks.

Joint Forum responses

We intend to look to consumer research to help us resolve this issue. Our starting assumption is that fund consumers are not fundamentally different from other investors. At the same time, we think all consumers deserve more, rather than less, information about their investments.

The information gets to consumers at the wrong time and in the wrong form

Public comments

Respondents are concerned that documents today, particularly the simplified prospectus, are delivered at the wrong time—they arrive late or not at all. They could be delivered in a more timely manner, we were told. Respondents also pointed to the fact that the documents are daunting to read due to their size. Any information relevant to a particular fund can be difficult to identify and absorb and, to make matters worse, the documents contain a lot of small print which older investors find difficult to read. Furthermore, some respondents expressed dismay at the specialized and complex language used by the industry to communicate sophisticated information.

The prevailing view that the existing documents are of poor quality and design was reinforced by investor research commissioned by one respondent, which indicates the problem is with the packaging and presentation of the material.

Joint Forum response

We think certain pieces of information need to be provided to consumers before the point of sale. Other pieces of information are not crucial to decision-making and can wait until after the sale. The delivery requirements themselves will be clearly spelled out so there will be no chance of the mandated documents not being delivered. We will also be asking consumers to help us improve the quality and design of the proposed documents. In keeping with this consumer-focused approach, we will require all disclosure documents to be written in plain language.

Securities regulation is not well suited to mutual funds

Public comments

One respondent agreed with our conclusion that the general disclosure requirements set out in our securities regulation were not designed with mutual funds in mind. This respondent went on to argue that units of existing mutual funds should be sold without point of sale disclosure documents just like shares sold on the secondary market. We were reminded that there is a wealth of information on all existing mutual funds in the public domain.

Joint Forum response

While we understand that there is more and more information about mutual funds in the public domain, we are not yet ready to accept the argument that they should be sold without any point of sale disclosure documents.

The documents don't contain the right information

Public comments

Forward-looking information

We were told consumers do not use the documents because they do not contain any forward-looking information about the fund's prospects in general, for individual securities held in the fund, or for business sectors represented in the fund.

Portfolio holdings

We were also told that the documents do not contain detailed information about the securities held in the fund. For example, the simplified prospectus and information folder do not identify the securities in the fund, their business sector, or their percentage weight in the fund's assets.

True MER

One segregated fund consumer complained that the information folder does not show the true MER nor the true historical return the consumer would have experienced. He concluded that complicated presentations mislead consumers and stated that if any firm cannot inform a consumer of the costs of a product being purchased, they should not be allowed to sell that product.

Joint Forum response

Forward-looking information about the fund and the corporate issuers it invests in belongs in the continuous disclosure record, as does detailed information on the holdings of the fund. On the securities-side, this is being addressed in Proposed National Instrument 81-106 Investment Fund Continuous Disclosure. We agree that consumers should be given their true MER.

The content of certain documents is not standardized

Public comments

Two consumers pointed to the fact that the content of information folders and certain other disclosure documents is not standardized. We were told this makes it hard to decipher the documents and makes fund comparisons difficult.

Joint Forum response

We agree that the presentation of information has a bearing on its readability. We are considering the merits of standardized formats.

The information is out of date

Public comments

Respondents told us the information contained in the simplified prospectus and information folder is often stale-dated. It can be up to a year old. This makes it irrelevant for decision-making.

Joint Forum response

Moving the changing information about a fund out of the prospectus or information folder and into the continuous disclosure record should go a long way towards remedying this problem.

The nature of the document is not made clear

Public comments

We were told that investors are often not given an explanation of why various documents are being sent to them or the significance of the information contained therein. As a result, many assume it is marketing material.

Joint Forum response

We will take this point into consideration as we design the new documents. We see the value of including a "how to read this document" section explaining the significance of the information contained in each document.

The information is obscured by flashy advertising

Public comments

Misleading advertising and inappropriate sales practices obscure the real information, according to some. Advertising in disclosure documents takes up space and causes consumers to lose interest in the important information.

Joint Forum response

On the securities side, misleading advertising is currently prohibited by National Instrument 81-102 Mutual Funds. Furthermore, inappropriate sales practices are prohibited by National Instrument 81-105 Mutual Fund Sales Practices. The OSC's Fair Dealing Model is also expected to address this issue.

On the insurance side, misleading advertising and deceptive sales practices are currently prohibited by Part VIII of the Canadian Life and Health Insurance Association Guidelines on Individual Variable Insurance Contracts Relating to Segregated Funds. Furthermore, in Quebec, inappropriate sales practices are prohibited by regulations of the *act respecting the distribution of financial products and services.*

Third party documents outshine mandated documents

Public comments

Industry participants worry that third party summaries of fund information are better regarded than the mandated disclosure documents because they are more succinct and contain more timely information. At the same time, the insurance industry notes these third party documents often do an inadequate job of highlighting the unique features of segregated funds.

Joint Forum response

We do not propose to regulate third party information. We do intend to make sure point of sale materials are substantially improved so that people will find the mandated documents more appealing. In this respect, plain language and focus group testing will be important aspects of our review.

There is inadequate regulation and enforcement

Public comments

One consumer association pointed to the fact that there is inadequate regulation and enforcement of the rules governing the mutual fund industry. Another consumer said the same for segregated funds.

Joint Forum response

We agree that our rules must be supported by a strong system of compliance.

The basis for a solution

Unbundle the documents: the four-document system

Public comments

Support for the four-document system

The majority of respondents agreed with our approach, which would involve taking the information in the all-encompassing documents we see today and putting it into four separate documents that are delivered in different ways and at different times. Some respondents were especially receptive to the idea of separating the static fund information from ongoing performance information.

Cautions and caveats

Some respondents were concerned that the proposed system would result in duplicate information and would therefore add cost and length to the entire system. Others have no problem with the approach, provided the point of sale document is jointly signed, everything is clearly cross-referenced, and fund governance is implemented.

An alternative approach

One respondent put forward a proposal for an alternative four-document system, different from ours. The documents that would form the basis of that system are as follows:

- Educational material
- Specific fund information (Fund Summary Document and Foundation Documents)

- Investor specific information including transactions, value, unit holdings, rate of return, etc.
- Advertising and promotion

Joint Forum response

We believe the four-document system holds great promise. We will work to minimize the duplication of information between the different documents. We do not intend to regulate advertising.

Fund family documents vs. per fund documents

Public comments

To ameliorate the problems that arise when a disclosure document describes all of the funds in a fund family, we proposed that documents be prepared on a per fund basis. At the same time, we recognized there must be a good business reason for fund family documents or else the 300-page disclosure documents we see today would not have evolved. We posed the following questions in the hopes of gaining more insight into this issue.

Can a fund family approach work?

Question: Would it be possible or advisable to allow a foundation document to describe more than one fund—for example, all of the funds in a fund family? Why or why not? How would such a document work?

Question: What are the pros and cons of a fund summary document that includes information on more than one fund? Why is a consolidated document desirable, having regard to the potential for consolidated documents becoming unwieldy?

Support for fund family documents

Most insurance companies and mutual fund managers feel strongly that fund family documents are preferable to per fund documents. They offered the following reasons:

- Consolidated documents are more cost effective.
- Consumers may wish to consider families of funds, as opposed to individual funds and may purchase more than one fund at a time. A convenient fund family document with all the information in one place allows consumers to compare among funds.
- With segregated funds, the consumer enters into a contract for insurance that gives him or her exposure to any number of funds. If the disclosure documents are to accurately represent the fundamental nature of this product, they should be devised around the concept of a variable annuity contract.
- A fund-specific approach would be unwieldy. Taken as a whole, the regime would have more repetition and more paper.
- Sales representatives will not want to keep numerous one-page documents in their briefcases for each fund they sell. They will need to decide in advance which funds to recommend or they may have to pay more than one visit with the consumer if they do not have all of the relevant fund summaries on hand.
- Creating and maintaining individual documents for each fund will create needless repetition, work and cost for an operator. Some fund families have many funds. Any amendments would require the same change to each fund's documents, and, therefore, separate re-filing and approvals. The likelihood of error increases with the need for multiple filings.
- Insurance industry representatives believe that insurance companies may be subject to additional liability if the fund summary document is fund-specific and the advisor does not disclose all the funds available.

Proponents of the fund family approach conclude that, ideally, we would give operators the flexibility to create documents for families of funds.

Suggestions for fund family documents

Respondents offered the following suggestions for making fund family documents more useful:

- Multi-fund documents should consolidate information with respect to the same type of fund (e.g. all money market funds) or consolidate information with respect to funds that share the same risk profile.
- Longer fund family documents on a website should be accessible via hyperlinks. This would make navigation relatively easy for the consumer.

Support for per fund documents

A smaller group of respondents argued that documents—particularly the fund summary document—should be prepared on a per fund basis. They argue that this will:

- Reduce the size of the document because fund family documents are lengthier.
- Increase its readability.
- Simplify the sales process for sales representatives.
- Facilitate the document's maintenance cycle.

Suggestions for per fund documents

The following suggestions were offered:

- Funds that invest in other funds should have links to the underlying funds and may need to repeat some information.
- If seen as necessary, fund family documents can be created and linked to individual documents in a tree structure.
- If fund family documents are not permitted, operators should be allowed to bind or consolidate the summaries into one document.
- A "guide to available funds" can be created as a reference tool for sales representatives even if fund summaries are prepared on a per fund basis.

Joint Forum response

The issue of whether the fund summary and the foundation document should be prepared on a fund family or on a per fund basis is one of the most important issues we need to deal with. Industry is clearly in favour of the fund family approach whereas consumers prefer the per fund approach. We understand and appreciate both of these viewpoints. We will need to consult more extensively with representatives from the different sales channels and with consumers before we come to a final conclusion on this point.

Think about timing: When should investors receive the fund summary?

Public comments

Most respondents agree that investors should receive disclosure before the point of sale. Mutual fund managers, in particular, were enthusiastic about this part of our proposals because it opens the door to cleaning up the rights of withdrawal and rescission attached to mutual fund purchases. While many respondents saw delivery prior to the point of sale as ideal, we were informed this would be extremely difficult from a practical perspective.

Joint Forum response

We are of the view that dealers should deliver the information necessary for decision-making before the point of sale. Other information, such as tax disclosure or instructions on how to redeem can be provided later, although we see the merits of making the more detailed information widely available before the point of sale for those who are interested.

Think about the mode of delivery: Electronic access/delivery

Public comments

Moving away from physical delivery

Our proposals would have the industry move away from physical delivery for certain pieces of information. Industry participants felt physical delivery should not be the only method of delivery because they believe it imposes unnecessary costs on consumers. If our intention is to mandate physical delivery, we were asked to allow consumers to waive their right to receive documents.

A number of consumer-respondents and consumer advocates feel we should not move away from physical delivery of point of sale disclosure documents. One consumer told us he wants to get everything, notwithstanding the fact he does not always read it. He explained that the simplified prospectus allows him to see how closely a fund is following its objectives and allows him to flip back and forth between pages and make notes in the margins. Research conducted by one bank shows that many of its clients prefer paper delivered through the mail.

Support for access-equals-delivery

Industry participants overwhelmingly support the access-equals-delivery approach outlined in the Consultation Paper. The proponents of this approach believe that most self-directed retail investors are computer literate and can access information from the Internet. A March 2003 study commissioned by Equilogue Technologies Inc.[6] determined that 70% of Canadian Internet users are interested in receiving documents electronically rather than in paper. Over 50% said they would be interested or very interested in electronic delivery of mutual fund documents. Preservation of the environment was cited as the main motivator.

The arguments in favour of replacing mandatory delivery with an access-equals delivery approach, coupled with paper on demand were:

- It will be cost effective. The costs charged against a fund will drop dramatically if the issuer is required to provide a paper copy of the disclosure document only to those consumers who actually want to receive it.
- It will allow information to be updated in a more timely manner. An access-equals-delivery approach will lead to more up-to-date information for consumers.
- It will reduce paper consumption. It is clearly a more ecologically sound alternative.
- It will not leave consumers wanting for information because the reality is that today's financial consumer has many sources of information. Much of this information is more timely and specific to the consumers needs than the information disclosed in the current point of sale materials, we were told.

One consumer advocate who does not support this approach for the simplified prospectus and information folder admits that the access-equals-delivery approach may be acceptable for some investors for non-decision documents,[7] so long as it is a positive opt-in approach and the decision can be reversed on demand without penalty. A number of mutual fund managers believe the access-equals-delivery approach should apply to all disclosure documents, including the fund summary document and consumers' guide.

Concerns with electronic media in general and access-equals-delivery in particular

Consumer-respondents, consumer advocates and a current provider of investment communications services spoke out against equating electronic access with delivery. Critics of the approach asked us to remember that many consumers do not have computers or internet access. They emphasized that the elderly, in particular, are not comfortable with computer technology. Respondents asked us not to assume that consumers are willing and able to download files from the internet. They believe many consumers have trouble with the technology—specifically, they have trouble navigating and downloading and they have slow printers. They also reminded us that the cost of accessing a computer and Internet service is a barrier.

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6 Press release available on Canada NewsWire website at http://www.canadanewswire.com/cgi-bin/org_query.cgi?text=equilogue

7 This concept was raised in the report of the Five Year Review Committee. Although the Committee did not expressly include mutual fund prospectuses in the category of decision documents, this respondent clearly understands them as such.

Respondents expressed the following concerns with information that is only available electronically:

- Most people find it harder to read through large documents in electronic form on a computer monitor than on paper.
- There is a risk that documents obtained electronically may not reproduce the information filed. Electronic documents may not print in the same format as paper versions and there may be difficulty printing charts and graphs.
- Reliance on electronic delivery effectively shifts the cost of printing to investors when nobody wants to print off documents.

Even those who believe consumers should have access to electronic information tell us there will always be a need for a printed document.

In additions to the reasons listed above, respondents argued we should not pursue this approach because:

- Most consumers would not want this. Electronic delivery of investment information currently has a very low level of investor acceptance.
- It will not provide consumers with sufficient information to make informed decisions Consumers are unlikely to actively seek out important information for a variety of reasons.
- It is not an appropriate mode of disclosure for a sophisticated product sold to unsophisticated investors at a time when investor confidence is low.
- It represents a “negative option” approach and puts the onus on the wrong party.
- It was considered and rejected by the Securities Exchange Commission.
- The Five-Year Review Committee[8] expressed concerns about extending this approach to decision documents. It is premature.

One respondent summarized the issue as follows: “If disclosure is to be meaningful, it must be made in a manner that accounts for the range of individual circumstances and that does not put an undue burden on the intended recipient.”

One respondent was concerned about the legal implications of an investor not requesting disclosure documents and asked, “would this disadvantage them in a future claim?”

Respondents from the insurance-side drew our attention to the fact that it may not be possible to use an access-equals-delivery approach with the IVIC in light of provisions of the *Insurance Act* because there may be an issue concerning what counts as delivery of a contract.

One mutual fund manager who supported the access-equals-delivery approach in general, warned us not to let sales representatives fulfil their delivery obligation by printing and delivering web-based documents. This respondent was concerned this practice could lead to the dissemination of obsolete information and worried that the fund manager would lose control of the process. There was also the concern that this approach would be impractical for sales people on the road.

[8] The *Securities Act* (Ontario) provides that, every five years, the Minister of Finance will appoint an advisory committee to review the legislation, regulations and rules relating to matters dealt with by the Ontario Securities Commission ("OSC" or the "Commission") and the legislative needs of the Commission. To this end the establishment of the Five Year Review Committee was announced on April 28, 2000. The Committee’s final report was released on May 29, 2003.

Website postings

Question: Please comment on the pros and cons of requiring operators to post on their websites the foundation document, continuous disclosure documents and, for segregated funds, the IVIC.

Support for website use

We are comfortable with the idea of posting the disclosure documents for our funds on our websites. We already make extensive use of our websites and are in favour of increased use of the Internet to make disclosure documents available. The operator's website is a more intuitive place to look for information.

Concerns with website use

It will be expensive and time-consuming to put disclosure documents on the web. A reasonable transition time is necessary if we decide to pursue this approach.

Website postings are not ideal because websites constantly change, documents are moved around and broken links are very common. Also, there is no way to control all websites to ensure uniformity.

SEDAR—the system for electronic delivery and retrieval

Question: We propose that mutual fund managers make documents available on their own websites, notwithstanding their availability on SEDAR. Are SEDAR postings, alone, sufficient? Is the SEDAR system structured appropriately to fulfil this function?

SEDAR postings are sufficient

SEDAR postings, alone, are sufficient. Consumers looking for secure information on mutual funds should be directed to the site by regulators and registrants.

SEDAR should not be relied upon exclusively

SEDAR should not be relied on exclusively. SEDAR should not be used to satisfy delivery requirements because it could alter information or its site architecture without notice. A system outage would deny access to important information.

Make as many information distribution channels available as possible, provided the fund manager remains the primary source of information. SEDAR should offer a link to operators' websites. Linking to SEDAR as the original source is unacceptable because of potential delays with linking.

Segregated funds and SEDAR

Segregated fund information should not be put on SEDAR. Perhaps it would be appropriate for segregated fund information to be put on the CSA system.

SEDAR is not user-friendly

SEDAR is difficult to use. It is not user-friendly because it is structured with the filer in mind, not the consumer. The regulator should improve the usability of the site.

Guidelines for use of electronic media

We received a number of specific suggestions for minimum requirements that should be met if electronic media is to be relied upon as a means of delivery.

Let the investor opt-in to electronic access or decline receipt

A few letters proposed alternates to the proposed access-equals-delivery approach. We were told by consumer-respondents and consumer advocates that receipt of paper should be the default option unless consumers decline receipt or request electronic delivery. As one person put it, "if I truly do not want the documents, let me take some action to stop it. Otherwise I shouldn't have to do anything." One letter reiterated that consumers should be encouraged to opt-in to electronic disclosures, but their willingness to do so should not be taken for granted.

One insurance company took the opposite view in their letter when they stated, "we do not support an approach that would require the issuer to deliver the detailed materials to consumers *unless* they indicate that they do not want it. This reverse approach would require full print runs at the outset, because the issuer would have no idea how many consumers would refuse delivery."

Let the operator decide

One respondent would only go so far as mandating SEDAR postings and would leave it to the operator to decide whether to provide information via their websites or in paper.

Print on demand

Four letters drew our attention to so-called print on demand services. We learned that "intelligent" printers can customize a print job based on a consumer's preferences and consents. "Intelligent" web-based reports sent by e-mail can let the investor obtain the desired amount of detail.

One respondent who offers a print on demand service gave us the following information:

- The service produces a personalized welcome letter, trade confirmation and prospectus, together with necessary amendments, in one single bound document for an investor. The first page is the welcome letter that provides a detailed explanation, from the dealer, of the package contents. The document confirms all transactions for a particular account and includes all required documents based on the type of purchase—first time, subsequent, switch.

- They obtain prospectus and amendment documents from SEDAR in their electronic form, and print on demand when triggered by a trade. Because they obtain the documents directly from SEDAR, the disclosure is always up to date and waiting times for commercially produced documents are eliminated.

- Costs for fund companies and dealers decline, since there is no need for commercially printed documents or warehouse facilities for storage.

- The document is "smarter" because it includes only the segments of the overall prospectus and amendments that are relevant to the funds purchased.

- Mailing costs for dealers are lower because the package is smaller.

- Delivery of such a prospectus is timely because it is triggered by an event in the system, in this case, notice of a purchase.

- A detailed audit report is available to dealers that provide proof of compliance.

- Research suggests investors would prefer a print on demand prospectus to the current package of information they receive.

- Print on demand is an environmentally friendly choice.

Joint Forum response

We agree that it may be premature to completely replace physical delivery with electronic access to information. We believe a better approach would be for sales representatives to ask consumers to choose at the point of sale whether and how they would like to receive the fund summary, foundation document and continuous disclosure documents. They would have the option to formally waive their right to receive these documents or they could opt for physical or electronic delivery (via access to online postings or e-mail). Since the consumer would be required to make a choice, we do not believe we have to specify a default option. The dealer or sales representative should carefully document the consumer's choice.

Any consumers who waive their right to receive the foundation document or continuous disclosure documents will receive an annual reminder of their ability to ask for these documents. There would be no need for a separate reminder card—a prominent notice in the account statement, or another annual document sent out by the fund manufacturer, would suffice.

We will also be considering further the suggestions we received on possible minimum guidelines for electronic delivery. On the securities side, National Policy 11-201 Delivery of Documents by Electronic Means already sets out some guidelines in this area but we will consider developing additional guidance for the appropriate use of electronic media.

Ensure it happens on a national basis

Public comments

It is crucial that the proposals be adopted on a national basis, according to respondents. However, one letter expressed some scepticism about our ability to bring a regime into force across Canada when Quebec has been fiercely independent on such issues in the past.

Joint Forum response

We intend to have our proposals adopted nationally.

Our proposals

The fund summary document

General

Public comments

Support for the fund summary document

The large majority of respondents support the use of a summary document at point of sale for the following reasons:

- One bank's research shows that consumers like one-page fund profiles.
- This document could inspire consumers to read the foundation document and continuous disclosure record.

Concerns with the fund summary document

One or two respondents did not support the use of such a document for the following reasons:

- The fund summary is duplicative. The information will be found in the foundation document.
- The development of yet another document will be costly and burdensome for the industry.
- The fund summary will not contain all of the information necessary for informed decision-making.

Joint Forum responses

We believe a short point of sale document is the best way to communicate important information to consumers because it stands the best chance of being read by consumers.

Form

Public comments

Length

The concept of a one- or two-page point of sale document was very well received. One respondent told us we should do our best to get the fund summary document down to a single page while others told us that our goal of creating a two-page document is too optimistic. Some think it will be hard to get information onto less than three pages.

Plain language

Everyone agrees the proposed document should be simple, concise and use plain language.

Flexibility

Operators generally argued that we should give them the flexibility to design the fund summary document as they see fit. This includes deciding how many funds the fund summary document can describe at once. See the comments regarding fund family documents above. We also got the opposite view—namely, that the form of the document be standardized so as to facilitate comparisons among funds.

Joint Forum response

Although we see the benefits of giving operators the flexibility to design the fund summary document as they see fit, we will explore the benefits of standardized formats with consumers before drawing any conclusions.

Content

Proposed content

Question: Please give us your views on the proposed content of the fund summary document.

Support for the proposed content

We agree with the proposals.

Let the operator decide

Give us the flexibility to decide what goes into this document.

Prescribe minimum content

Prescribe minimum content with sufficient specificity that operators can be reasonably certain of what is required. This could be done in the IVIC Guidelines.

Guidance as to what goes into the fund summary

For mutual funds only, the document should make reference to key information consumers need to consider prior to making an investment decision and where that information can be found. For segregated funds, it should also include general contractual information.

The interests of investors should determine content

Investment objectives

Everyone generally agreed that a fund's investment objectives should be outlined in the fund summary. A group of letters recommended that the summary document also identify the Investment Funds Standards Committee Fund Category[9] and describe in plain language the investment style and the type of securities in which the fund is invested.

Risk

Everyone generally agreed the fund summary should include a description of the risks of investing in each fund. However, we saw divergent views on the amount of detail that should be included:

- There should be a plain language description of the magnitude of risk, i.e., high, medium or low.
- There should simply be a list of the risks.
- There should be a detailed explanation of risk and operators should disclose quantitative metrics like Beta, Standard Deviation and the Sharpe Ratio.
- There should be a standard statement about where the investment fits in risk-return space.

Fees and expenses

We were asked to include a description of all fees and expenses paid directly by the consumer. One letter stressed the importance of MER and went on to say that it should be explained in a way that investors can truly understand. Another letter stressed that the MER for segregated funds must be the MER to the individual, or at least a narrow range that relates to the individual (e.g. "123-131 basis points for the past 3 years and is expected to remain in the same range").

[9] The Investment Funds Standards Committee (IFSC) was formed in January 1998 by Canada's major mutual fund database and research firms with a self-imposed mandate to standardize the classifications of Canadian-domiciled mutual funds. The primary purpose of the committee is to provide investors with a consistent set of mutual fund categories. Further information is available at: http://www.cifsc.com/.

Performance data

Some respondents would include performance data in the fund summary. Others, however, believe it would not be appropriate to require this kind of information in the fund summary for the following reasons:

- Events of the past several years have reinforced the public policy concerns over basing purchase decisions on past performance. Requiring this disclosure does nothing to reinforce this caution and, if anything, does just the opposite by appearing to endorse the usefulness of this information.
- Up-to-date and comparable data for all funds are readily available to the public from a number of sources, including the continuous disclosure record.
- Requiring such time-sensitive data on the summary document would entail frequent reprinting and increased costs.

Instead, it was recommended that fund operators clearly reference time sensitive information, like performance data, in the fund summary document, while the current information is presented on websites and SEDAR.

Operations

Some respondents said fund operators should include information about the manager and portfolio advisor of a fund should be included in the fund summary. Any other operational information should be included in the foundation document.

Rights of withdrawal and rescission

A respondent who was in favour of retaining the rights of withdrawal and rescission for mutual fund purchases stressed that a statement referring to these rights belongs in the fund summary.

Educational information

A consumer advocate spoke out against the industry's view that the point of sale document should not contain educational information. According to him, this document should be educational in nature.

Joint Forum response

We will consult with consumers in order to determine what information they feel they would need to know prior to making an investment decision. Certainly, fund operators should include the investment objectives, risk, fees and expenses and a notice that all consumers are entitled to a cooling-off period. We have not decided whether performance data should be included.

Regulatory filing requirements

Public comments

Review and receipt

Question: These documents will be filed with regulators. Should they be reviewed and receipted?

Views on review

- The regulator should review all fund summary documents once they are filed.
- Only a periodic review by regulator is warranted.
- Do not review the fund summary at all upon filing but review it to ensure compliance on a random basis.

If there is a review, the IVIC Guidelines should specify criteria for changes that are permitted without subsequent filing or review to avoid unnecessary delays in revising the document.

Views on receipts

- Receipts should not be necessary. It is impractical to receipt the fund summary document for each fund.
- Documents should be receipted to protect consumers.

Joint Forum response

We intend to review and receipt fund summary documents. If we opt for individual fund summary documents, these could be filed individually or bound together and filed as a single document.

Document updates

Public comments

Only when changes occur

Some industry participants envisage an evergreen fund summary document. They say if they can exclude time-sensitive information from the document, operators would only have to update those documents when changes occur.

Periodic updates

Other respondents suggested the documents be updated:

- every three months.
- twice a year.
- no less than once per year.

There was a general feeling that the commercially printed fund summary document should not be updated too frequently. Web versions, however, could be updated more often.

The logistics of updating the document

Question: How will operators update these documents? How will they ensure the updated versions of the documents get to sales representatives?

We received some good feedback on the practical considerations of the various alternatives. In particular, industry representatives outlined specific process concerns that would come into play if a per fund disclosure document approach is adopted.

Joint Forum response

We will be speaking to both insurance companies and fund companies about the practicalities of updating documents for any model that is adopted.

Delivery to consumers

Public comments

Support for mandated delivery

According to some of the letters, actual delivery should be required for all face-to-face sales. One consumer recommended that we require delivery of the fund summary even to those who have opted out of receiving documentation.

Concerns with mandating delivery

One bank explained that the logistics of actual delivery for many dealers would be staggering because they sell thousands of different funds. If document fulfilment is centralized, the sale could be delayed until the documents arrive in the mail. Lag times could be unduly long and lead to frustration on the part of consumers.

Leave it to the discretion of the sales representative

A small group of mutual fund managers would leave it to sales representatives to choose when and if to deliver the document.

Leave it to consumers to decide

A group of industry participants believe the consumer should be required to either:

- acknowledge that they have reviewed the relevant documents to their satisfaction and have satisfactorily addressed questions prior to purchase, or
- formally waive their right to review this information. This acknowledgement could be provided in writing in face-to-face sales or by clicking a reviewed/declined option in the case of telephone or internet sales. This will have the dual advantage of reinforcing to investors their responsibility to do their due diligence and will provide the necessary protections for both parties in the absence of a cooling-off period. Administration of this due diligence formality would be the responsibility of the dealer.

Joint Forum response

We tend to agree that we should require physical delivery of the fund summary document in all face-to-face sales. However, the consumer should be able to formally waive their right to receive this information.

Delivery today

Question: Please tell us about your business practices now using the existing disclosure documents. Do you use them in the sales process? Do you give them to consumers before a sale is completed?

No consistency

- Most sales representatives give the existing documents to consumers before a sale is completed.
- The prospectus is not typically used during sales process.
- The documents are mailed out after the fact.
- A package of material (consolidated SP, educational material, educational material) is sent out when there is a request for information.
- Sales representatives prefer to use marketing materials such as electronic wealth allocation models, C3 calculators, and provide selective information from the disclosure documents.

Public comments

Delivery of the fund summary under periodic purchase plans

Question: What about consumers investing on a periodic basis (monthly, quarterly, annual debits for example)—what are their information needs?

Delivery upon establishing the plan

It is not necessary to provide new fund summary before each periodic purchase. In other words, documents should only be delivered upon the establishment of the plan.

Reliance on continuous disclosure thereafter

The continuous disclosure requirements will ensure consumers have current information.

Notification of changes

Access to continuous disclosure should not be equated with delivery. Consumers should be notified about relevant changes.

Joint Forum response

We agree that a fund summary need not be provided before each periodic purchase. This document is designed to inform the initial purchasing decision and should only be delivered once.

Public comments

Use of the fund summary in telephone and Internet sales

Question: How will the proposed document work when sales are carried out by telephone or through another means that does not involve face-to-face meetings?

Prevalence of telephone and Internet sales

The phone and Internet are the most common means of order taking for existing clients. (Lutheran) Do not assume that those who make purchases over the phone are more educated than other consumers.

Waive the delivery requirement for phone sales

Waive delivery requirement for phone sales. If the customer has already made a decision and understands the information in the fund summary, the sales person should not have to repeat it.

Give consumers the ability to waive their right to receive the document

Give consumers the opportunity to waive their right to receive the summary document prior to or at the completion of a sale. Salespersons should advise that the summary document is available and how to get it. If the client wants further information, he or she can obtain it. If not, then the trade proceeds.

Communicate the information over the phone

Tell investors what the fund summary says in circumstances where delivery prior to or at the time of purchase is impractical. Of course, a line-by-line recitation is not practical.

Practical experience suggests that without enforcement, verbal communication, if left up to the sales representative, will not take place and there will be no paper trail to provide evidence that the communication took place.

Follow-up with actual delivery

The fund summary should be delivered even where the information is discussed on the phone.

Internet sales

The client can click on a review/decline option for the summary before proceeding with the transaction.

The implications of delivering a printed fund summary before the sale

Question: If we require you to give a printed fund summary to consumers before the sale, what impact will this have on your existing business practices?

Positive implications

For the insurance industry, using a fund family summary document will not significantly change the current process, but will result in the client receiving a more useful, less expensive summary of relevant information prior to signing the application.

Negative implications

Requiring consumers to read a printed fund summary before the sale will have a detrimental effect on the sale. Consumers will be unhappy if the sale is held up by delivery requirements.

Joint Forum response

If a consumer is purchasing over the phone, we believe the sales representative should deliver the fund summary either physically (in-person, mail, or fax), electronically (e-mail or viewed by consumer online), or verbally, before the sale is completed, unless the consumer waives their right to receive the fund summary. If the consumer is purchasing online, he or she should be presented with a fund summary screen before the transaction proceeds.

Public comments

Do we need to mandate a fund summary document?

Question: Can we achieve our objectives of empowering consumers to make informed investment decisions without mandating a fund summary document?

No

We don't need to mandate a fund summary. Why? Because novice consumers will rely on their advisers and more experienced ones will do their own research.

Joint Forum response

Although we feel strongly that the delivery of a commercially printed fund summary document should be the default in face-to-face sales, we agree that consumer should be able to decline the document if they do not wish to have it.

The foundation document

Form

Public comments

Flexibility

Operators asked us to regulate principles rather than mandate strict forms of disclosure. They would like the flexibility to determine what information is most valuable to consumers and how to deliver it.

Insurance companies would prefer that we make the foundation document flexible enough to accommodate all possible approaches. Some insurers would like to consolidate the IVIC and the foundation document to avoid duplication[10] while others may want to incorporate it into the application. Still others may develop different, but equally useful, and imaginative approaches depending upon their distribution structures.

Standardized format

The standardized format of the existing simplified prospectus allows for comparisons between funds. We should maintain this going forward.

Length

Opinions on the ideal length of this document varied from 15 to 20 pages—for a fund family document—to 4 to 7 pages—for documents prepared per fund.

Joint Forum response

We are more interested in regulating principles than strict forms of disclosure. At the same time, we think that every foundation document should contain more or less the same information so as to facilitate comparisons among different funds. Although we would prefer that the document not grow to enormous proportions, we may be prepared to be more lenient with the content of this document because we understand it to be more of a background or reference document.

[10] Desjardins has recently obtained regulatory approval to consolidate the information folder and IVIC. It is the first insurance company to do so.

Content

Public comments

Fees and expenses

Respondents offered the following suggestions regarding fee disclosure in the foundation document:

- MER should be itemized in dollars and cents
- The regulator should prescribe the language used to describe trailer fee commissions
- We need complete, total, and honest disclosure of the cost of the investment in one place, up-front. This is a basic principle.

These comments should be read together with the fee related comments for the fund summary document that were outlined earlier in this paper.

Ethics, voting, governance and conflicts

Consumer-respondents and consumer advocates focused on the importance of disclosing ethics, voting and governance policies. They also saw disclosure of conflicts as being important.

What should not be disclosed

Some respondents said that the following pieces of information should not be disclosed in the foundation document:

- Information contained in the fund summary.
- Information in the AIF that is not relevant to consumers such as the names of service providers, who is responsible for mutual fund operations, fund governance and conflicts.

Joint Forum response

Although our consultation paper outlined some of the items we thought should be included in the foundation document, this was only a preliminary view. We will first focus our efforts on identifying the items that should go into the fund summary and the foundation document. It is clear, however, that the foundation document should not simply be a repetition of the information contained in the fund summary. In addition, information that is of no use to consumers will be excluded from both documents.

Once specific content requirements have been determined, we expect to publish our proposals for comment. On the securities side this would come in the form of a draft rule. On the insurance side it would be in the form of a consultation paper.

Document updates

Public comments

Respondents agree with out conclusion that if the foundation document is evergreen, annual filing will not be necessary. We should only require filing if there has been a material change It was noted that this will save time and money. One industry participant told us though, that although this sounds ideal, the reality is that changes will occur fairly frequently.

Joint Forum response

We are committed to making the foundation document evergreen.

Delivery to consumers

Public comments

The vast majority of industry participants supported an access-equals-delivery approach to the foundation (see comments under the heading, “Think about the mode of delivery: Electronic access/delivery” above). Only one comment letter explicitly set out the view that there is value in delivering the information in paper. This view, however, was implied in the letters from consumers and consumer advocates.

Joint Forum response

We are reconsidering our proposal to take an access-equals-delivery approach to this document. The consumer will be asked to decide whether or not they want to receive it and in which form (e.g., paper or electronic).

The continuous disclosure record

Content

Public comments

The notion of improved continuous disclosure for mutual funds received support from respondents. Funds should provide the same level of disclosure as issuers of equities, we were told. In particular, they should be required to provide MD&A, like public issuers of securities.

Joint Forum response

Proposed National Instrument 81-106 Mutual Fund Continuous Disclosure (NI 81-106) will address these issues on the mutual fund side. It is also expected that insurance regulators will be looking at NI 81-106 in the context of insurance regulation. Harmonization of the rules for both IVICs and mutual funds will continue to be a focus of regulators.

The consumers' guide

General

Public comments

Our proposal to introduce a consumers' guide received strong support. Industry participants liked that we recognize that educational information should not be included in the point of sale disclosure documents. Notwithstanding the general support, some industry participants warned that the idea of presenting a guide "at an early stage in the sales process" is somewhat problematic because the entire process, from initial contact to sale, can occur during the course of a single meeting.

Joint Forum response

We are committed to introducing a consumers' guide. This will allow us to remove educational material from the other point of sale documents.

Public comments

Who will "own" the guide?

Question: We need to agree on an approval mechanism whereby the regulators will approve and the industry will endorse the contents of the consumers' guide.

The regulator's document

- We recommend that the regulators own the document.
- The investor education branches would develop the document.
- The document should be identified as a Joint Forum publication.

Industry's input

- The industry, through CLHIA and IFIC, could endorse it.
- Industry participants should have the ability to propose changes.
- A joint industry-regulatory task force could be charged with updating the document.
- The industry need not give its endorsement.
- Don't get industry to endorse because it will water down the content.
- Fund managers should be able to brand the document without being responsible for its content.

Consumer input

- An investor panel should review the document.

Joint Forum response

We agree that the regulators should own the document. The industry (via the industry trade associations) and consumers (via a consumer panel) should have input into its content.

Public comments

Document updates

Question: How will the consumers' guide be periodically updated?

No need to update periodically

Since the guide is intended to provide general information for unsophisticated consumers, the content will likely remain current over a reasonably long period.

Periodic review is appropriate

- A regular review by the industry and regulators could be scheduled for every five years with all parties having the right to request revisions in the interim.
- Changes should be made once a year or more frequently if the changes are time-sensitive.

Currency date and advance notice of updates

- It should be posted with a currency date.
- Industry participants should be informed in advance of any updates so as to avoid unnecessary destruction of obsolete documents.

Joint Forum response

We do not expect the document will need to be updated very frequently. Changes should be made as they become necessary.

Public comments

Avenues of distribution

Question: How will the consumers' guide be made available for use by industry participants and consumers?

SEDAR

It should be available on SEDAR.

Websites

It could be posted on the websites of operators, industry associations, regulators, and SROs.

Brochures

A brochure could be available from industry associations or dealers

Available upon request

It should be made available upon request and electronically to all consumers.

Referenced in fund summary

The availability and location should be disclosed in the Fund Summary.

Sales representatives or dealers will download and print the documents from the web.

Joint Forum response

We agree with all of the suggestions put forward by respondents.

Public comments

Who decides?

Question: Who will make the decision about which consumers should be offered the document?

The regulator

It should be offered to everyone upon account opening or first purchase. It is too hard to figure out who is a novice in what product.

All novice investors should be provided with a copy.

Mandate that it is delivered annually.

Not the regulator

There should be no requirement to offer/deliver it to consumers.

The sales representative

The guide should always be offered to consumers unless the sales representative is sure the consumer already has it and is aware of its contents.

The sales representative should be able to educate the client without actually using the guide so long as the important information is provided.

The sales representative will decide. The decision should be tied to the Know Your Client process.

The sales representative should ensure the client understands the product being purchased. If they do not, then the document should be offered.

The consumer

The consumer should decide.

Make access-equals-delivery and deliver within 5 days of request.

Consumers should be able to waive their rights.

Joint Forum responses

We believe the sales representative should always offer the document to consumers at the point of sale unless the consumer has already received a copy. Consumers can always decline.

Public comments

The consequences of not delivering

Question: What consequences will flow when a novice consumer is not offered the document?

No consequences

Failure to deliver the guide should not be viewed as proof of a failure to disclose necessary information or a breach of the duty of care.

Consumers would continue to have the remedies available for unsuitable investments—namely, cooling-off periods.

SRO's can audit compliance periodically.

Joint Forum response

A failure to deliver the consumers' guide will amount to a breach of securities and insurance regulation. Successful implementation, however, should mean that the consumers' guide will be generally available from many sources, including regulators, and not just from sales representatives.

Content

Public comments

General support for the proposed content

We were told the content and language of the proposed document are accessible without being overly simplistic.

General concerns with the proposed content

Respondents commented that the document:

- Is too lengthy. Research shows people will not read anything too long.
- Is too detailed.
- Provides too much information for some consumers and not enough for others.

General suggestions for improving the document

We received the following suggestions:

- Create different guides for consumers of differing levels of sophistication.
- Create two separate guides: one about securities (including mutual funds) and one on insurance (including segregated funds).
- Guide should be expanded to cover all securities and not be limited to segregated funds and mutual funds.
- The document should separate the mutual fund and segregated fund information to avoid confusion. Don't forget that not all firms offer both products.
- Clarify the differences between segregated funds and mutual funds.
- Standardize the information on segregated funds and mutual funds to avoid confusion.
- Consult with advisers on content.
- IFIC's "Investing in Your Future" booklet can be used as a starting point.

Consumers' rights

Rights in the case of a misrepresentation

Public comments

We were asked to provide consumers with a means of being reimbursed for misrepresentations in any of the new disclosure documents.

Joint Forum response

We agree that consumers should be able to rescind their purchases if there is a misrepresentation in any of the proposed documents.

The rights of withdrawal and rescission

Public comments

Concerns with the existing rights

The comments letters echoed our concerns that the rights are not harmonized across the country and are inconsistent with each other.

Are the rights ever used?

Question: If you are a mutual fund industry participant (either a fund manager or a sales representative), please comment on your experiences with the rights of rescission and withdrawal. Have you or your clients ever exercised them? Do they work in practice to give consumers real (as opposed to theoretical) rights? If you are a consumer, please tell us whether you knew you had these rights and whether you have ever used them.

- **No**

  Consumers do not exercise these rights. We have seen very few instances in the past 10 years.

- **If so, they are misused**

  On the infrequent occasions the rights have been exercised, the investors have almost always been sophisticated. They have used the rights in order to time the market (i.e. as a put option), with the consequence that all other investors in the fund have been harmed.

The right of withdrawal leaves open the potential for abuse on the part of sophisticated consumers who recognize the value of the embedded put option.

- **They are not misused**

  We doubt that investors have used these rights as a put option and would like to see proof of this.

Why the rights are not exercised

We were told that consumers do not use them because:

- They are not clearly informed of their rights.
- The time-frames are too short.
- You need to consult with a lawyer in order to take advantage of the rights—this is expensive and generally unrealistic.

Do consumers need a cooling-off period?

Question: Please comment on cooling-off periods in the context of mutual fund and segregated fund sales. If you believe one should be retained (or introduced in the case of segregated fund sales) please explain why.

There should be no cooling-off period

There should be no cooling-off period. Provided:

- the documents are made available before the point of sale, like they are on the insurance side.
- the information is delivered 48 hours before the sale occurs.
- there is a disclaimer in the contract saying the consumer recognizes that all information has been offered and is sufficient. The investor should be more responsible.

Such a period is not needed because:

- mutual funds should be treated like other securities which can be purchased on the secondary market. There is ample information about mutual funds in the public domain.
- there is no way to prevent people from playing the markets.
- remedies already available are sufficient to protect customers who, through no fault of their own, purchase insurance contracts that are not suited to their needs.
- a cooling-off period is not needed for segregated fund sales. It would create new liability for segregated funds.

A cooling-off period is needed

Mandate a cooling-off period just like the one attached to the new issue of securities. Segregated fund purchasers should be given the same rights as mutual fund investors.

A cooling-off period is needed because:

- high pressure sales tactics are used in the industry.
- investors hold too few of the cards. The balance of power lies with operator.
- investments are more complex than other purchases.
- providing the investor with the limited information in the fund summary immediately prior to purchase grants only a limited opportunity for the investor to be fully informed before becoming bound.
- fund consumers are less investment savvy than other investors. Consumers often don't thoroughly understand risks, costs or reasonable expected returns.

- it provides assurance to the consumers who are aware of it.
- not having one could be negatively perceived by consumers in a post-corporate malfeasance environment where consumer protection is so strongly emphasized.
- individual investors will be prejudiced by the removal of these rights, even if they have not taken advantage of such rights in large numbers in the past.

How to prevent market-timing

How should a cooling-off period work given the changes in the market value of funds? How can we prevent market players from using a cooling-off period to play the markets?

Suggestions

- Measures should be implemented to prevent investors from using the cooling-off period to play the markets.
- This right should be limited to recovery of the initial investment.
- The consumer should be liable for any adverse market changes in the underlying investment, but be reimbursed for all sales charges paid and not be subject to surrender or redemption fees.
- Impose a 72-hour delay between the time the units are purchased and the time at which the units are considered credited to the account. The NAV would be calculated upon the closing of the transaction. Consumers who change their minds would be able to reverse the decision at no cost to the fund company or existing unitholders. Each consumer would be given the ability to override this 72-hour delay, perhaps by clicking a button on a website. First time buyers would be encouraged not to override this delay.

How long?

Question: How long should we give consumers to re-consider their investment?

Suggestions

- 4 business days of receiving information, or 7 days of the transaction – whichever is later.
- 48 hours. Anything longer could be taken advantage of.
- If one is adopted, make it short (e.g. 24 hrs) to minimize losses to the fund.

Other suggestions for the operation of the cooling-off period

The following suggestions were made:

- The particular investment should be "new" to the consumer (i.e. not already held in their portfolio, or not purchased under the same fee structure as before).
- There should be no arbitrary upper limit to the amount subject to the cooling-off period.
- The fund summary document should refer to the cooling-off period.

Joint Forum response

We believe the existing rights of withdrawal and rescission should be collapsed into a single cooling-off period for purchasers of segregated funds and mutual funds. Consumers who are purchasing a fund for the first time will have 48 hours from the point of sale to give notice to the dealer from whom the purchase was made of their intent to undo the transaction. The amount the consumer is entitled to recover will not exceed the net asset value of the securities purchased plus all sales charges. The consumer should be liable for any adverse market changes in the underlying investment but should be reimbursed for all sales charges paid and not be subject to surrender or redemption fees.

Consumers should be notified of the cooling-off period in the fund summary document. The consumers' guide should also inform consumers of their rights. We intend to highlight to consumers the importance of reading these documents and will make sure that information pertaining to the cooling-off period is clearly written and easily accessible.

How our proposals interact with other initiatives

Public comments

Joint Forum Capital Accumulation Plan initiative

We were asked to monitor the interaction between this initiative and the one on Capital Accumulation Plans to ensure there is no overlap or duplication.

CSA Fund Governance project

Fund governance bodies need to monitor compliance with the disclosure requirements, according to one consumer advocate.

Sarbanes-Oxley

One respondent noted that our proposals appear to be diametrically opposed to our investor education initiatives and Sarbanes-Oxley.

OSC Fair Dealing Model

We were told that resolving the issues identified in the Consultation Paper will go a long way to establishing some principles for the Fair Dealing Model that would be acceptable to dually-licensed sales representatives.

Joint Forum response

We are keeping apprised of these and other initiatives as we further develop our proposals.

How our proposals relate to the regulation of investment funds other than conventional mutual funds

Public comments

The proposed regime should apply to all investment funds

We were advised that the point of sale documents should be used by all packaged securities products (excluding pooled funds), wrap accounts, ETFs and labour sponsored funds.

Group RSP Plans

We were also asked to ensure that Group RSP Plans are included in our proposals because it is important to ensure that all these different sales channels, involving basically the same product, are regulated in a harmonized way.

Pooled funds

Mutual fund operators stress that National Instrument 81-102 mutual funds continue to be at a competitive disadvantage to securities sold in the secondary market place that do not require any point of sale disclosure.

Commodity pools

It was suggested to us that the Joint Forum consider extending the disclosure regime discussed in the Consultation Paper to commodity pools because:

- Commodity pools are a growing area of investment. There are more and more of these available and they are becoming increasingly mainstream.
- The derivatives and leverage strategies used by commodity pools are difficult to understand.

- Long form prospectuses are even more unwieldy and difficult to use than the simplified prospectus. Sales people dislike them.

- Consumers will be able to compare products across the investment fund spectrum.

The regime should not apply to the pension area

According to one letter, many features of the retail market are not applicable to the pension area because of the active role of the plan sponsor in selecting and monitoring investment options.

Joint Forum response

At the moment, this project is focused on mutual fund and segregated fund disclosure.

The costs versus the benefits of our proposals

Public comments

Question: Although we will be preparing a formal cost-benefit analysis, we are interested in your views on the costs versus the benefits of our proposals. Please comment and explain your analysis.

A consumer's perspective

I suspect cost-benefit is a handy whipping post for the insurance industry to delay much-hated change. While it may be possible to estimate costs from the industry side, how are we to assess the benefit of better informed consumers making appropriate choices based on full, true and plain disclosure? The benefit of transparent, fair and effective institutions such as honest courts and the rule of law is enormous and well known in economics, so it is perfectly reasonable to expect transparent, fair and effective investment regulation to be equally significant to investors and the economy as a whole. But both benefits are extremely difficult to "measure", and there is no identifiable pressure group in favour of them that will provide impressive estimates.

A First Benefit Estimate. Here is a first attempt to quantify the huge benefit opportunity to consumers from good regulation, knowledge and education. If good information, regulation and education caused consumers to shop around a little more carefully, understanding the fees they pay, then perhaps they could save ON AVERAGE, say 30 bp per year (10-15% of fees), or about $1B per year. This also approximates the net benefit to the economy because consumers would most likely reinvest those savings in additional funds. If good information caused consumers to choose appropriate asset mixes that reduced their portfolio variability to a comfortable level, then they would decrease the characteristic prevalence of buying high and selling low (trend chasing) – a behavior costing them at least 200 bp per year in long run return. If good information could stop 15% of this behavior, consumers would benefit by another net 30 bp or $1B. Compared to this, printing a few smarter documents seems a pretty good investment for the economy as a whole – and the sooner the process can begin, the better.

Consumer parallels to other goods. To the extent we can align investor rights with those of other purchasers in today's society, ensuring consistency not only between seg funds and mutual funds, but also between buying funds, houses, cars or holidays, we contribute to a natural ethical framework that defines western societies. That framework, in general, is moving toward more ethical behaviour – albeit in fits and starts – so I hope that fund regulation can, too.

The issue is not cost-benefit; it is about doing what is right for consumers. Investors need protection from the LifeCos of the world – not shady fly-by-night operations but big brand name firms with questionable practices that became entrenched over time without anybody noticing. Consumers pay for everything in the end anyway – through fees, misallocated investments, taxes to support regulators, etc. Politicians and employers are as ill-equipped to consider the issues as consumers. Consumers are counting on the regulators to counter balance industry stonewalling.

Costs of the existing regime

We were told that an informal survey shows that IDA member firms spend on average $300,000 to $700,000 a year on distributing mutual funds and segregated funds.

Time demands inherent in the four document system

One respondent drew our attention to the fact that investors will incur costs (time) as they seek out the more detailed information in the foundation and continuous disclosure documents.

Benefits that will come with use of the Internet and access-equals-delivery

A number of respondents told us that:

- Broad use of the internet will diminish costs for investors.
- Technology will level the playing field for smaller players.
- The cost of implementing technological changes should be offset by savings in printing and delivery costs.
- The concept of "access-equals-delivery" offers the potential for meaningful cost savings.
- There will be reductions in the cost of printing. The proposals will reduce costs but not materially since most of the cost of printing comes up front.
- There will be reductions in the cost of mailing. Delivery of paper copies at reduced frequencies would reduce costs.

The potential costs of relying on the Internet and access-equals-delivery

At the same time, we heard that requiring operators to post documents on their websites would be time-consuming and expensive. Some were concerned that the industry will have to maintain two channels of disclosure (paper and electronic) and that the costs will be passed onto investors.

It was also pointed out to us that consumers will need to print their own documents.

Benefits of a fund family approach

The insurance industry feels its recommended "contract plus all funds" approach for the foundation document and summary document offers the potential for meaningful cost savings.

Costs of a per fund approach

Any cost savings could disappear, according to respondents, if the foundation document and fund summary document are prepared on an individual fund basis. In fact, that could actually lead to an increase in costs. The costs will be due to:

- the duplication of providing the feature information (guarantees, etc.) in each foundation document, and in all the fund summary documents.
- maintenance and refiling where an amendment is made to the product.
- liability to the insurer if advisors do not provide disclosure of the consumers' full contractual rights to the consumer.[11]

The benefits of evergreen documents

The letters informed us that evergreen documents will reduce legal and regulatory filing fees.

Costs to intermediaries

We were told that intermediaries could face a new cost due to increased workload and legal exposure

Loss of identity for segregated funds

One insurance industry letter told us there is a risk that the segregated fund industry will lose the ability to highlight the differences between segregated funds and mutual funds.

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[11] These rights include accessibility of all funds. To protect themselves, insurers may be forced to incorporate all the single-fund summaries into one point of sale document. Based on the current proposal for a one- or two-page fund summary, this would result in documents often in excess of 100 pages. If issuers do not have the flexibility of using a single foundation document to describe the funds and the contract, the industry will have duplication of the contractual features of the product—contract version plus foundation document version. This is no different than what is done today with the Information Folder and Contract being separate documents with identical information contained within. (CLHIA, Maritime Life, Great-West Life, Lutheran).

The costs of transition

We were reminded that the mutual fund industry completely modified its disclosure documents in order to comply with the requirements of NI 81-101. It will be a burden to the industry to require yet another document to be produced and provided to investors when so much effort has already been put into development and filing of the simplified prospectus.

Other industry participants recognized the transition costs should be reduced substantially by some of the cost saving features of the proposals.

Joint Forum response

These comments will be considered by the OSC Chief Economist as he completes his cost-benefit analysis.

Appendix 1: List of Respondents

Organization	Description
ADP Investor Communications	Provider of investment communications services
Advocis. The Financial Advisors Association of Canada.	The trade association for 17,000 financial advisors who are licensed to sell life and health insurance, mutual funds and other securities.
Association of Canadian Pension Management (ACPM)	The national trade association for public and private sector pension plan sponsors and the professional advisory firms they retain. Its membership represents 80% of Canadian pension fund assets.
Canadian Shareowners Association	Investment club
Benoit Chenette	Individual consumer
The Canadian Life and Health Insurance Association (CLHIA)	The trade association for the North American life and health insurance industry. Its membership represents virtually all of the segregated fund business in Canada.
Ethical Funds	Mutual fund manager
Fidelity Investments	Mutual fund manager
Robert Findlay	Individual consumer
Franklin Templeton Investments	Mutual fund manager and portfolio adviser
Great-West Life Assurance, London Life Insurance and Quadrus Investment Services	Life insurance companies Mutual fund dealer
Derek Hill	Individual consumer
Investment Dealers Association of Canada (IDA)	The national self-regulatory organization and representative of the investment dealer industry. The Association regulates the activities of investment dealers.
The Investment Funds Institute of Canada (IFIC)	The national trade association for the investment funds industry. Membership is mainly composed of fund managers and represents almost 100% of total mutual fund assets under management in Canada.
Joe Killoran	Investor advocate
Lang Michener	Law firm
Lang Michener for First Horizon Capital and Mondiale Asset Management	Law firm for hedge fund manager and portfolio adviser (i.e. through law firm)
Lutheran Life Insurance Society of Canada	Life insurance company
Manulife Financial	Life insurance company and mutual fund manager
Maritime Life Assurance	Life insurance company

Organization	Description
Moshe A. Milevsky, Ph.D.	Professor of Finance at Schulich School of Business at York University and Executive Director of the Individual Finance and Insurance Decisions Centre at the Fields Institute.
Mouvement des caisses Desjardins	Mutual fund manager and life insurance company
Osler, Hoskin & Harcourt	Law firm
Tony Paine	Individual consumer
Phillips, Hager & North Investment Management	Mutual fund manager and portfolio adviser
Primerica Life Insurance Company of Canada and PFSL Investments Canada	Life insurance company and mutual fund dealer
Public Interest Advocacy Centre (PIAC)	Organization representing consumer interests in matters that affect a broad cross-section of Canadians, including financial services and electronic commerce
Small Investor Protection Association (SIPA)	Investor advocacy organization representing 400 small investors in 9 provinces
SSQ Groupe Financier	Financial group including mutual fund manager and insurance company
TD Asset Management	mutual fund manager and portfolio adviser

1.1.3 CPSS-IOSCO - Recent Publication Recommendations for Central Counterparties

COMMITTEE ON PAYMENT AND SETTLEMENT SYSTEMS (CPSS) AND TECHNICAL COMMITTEE OF THE INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS (IOSCO)

RECENT PUBLICATION
RECOMMENDATIONS FOR CENTRAL COUNTERPARTIES
Consultative Report, March 2004

The joint Task Force on *Securities Settlement Systems* of the Technical Committee of the International Organization of Securities Commissions (IOSCO) and the Committee on Payment and Settlement Systems of the central banks of the Group of Ten Countries (CPSS) has released for comment a Consultative Report that sets out comprehensive standards for risk management of a central counterparty (CCP). The Consultative Report, entitled *Recommendations for Central Counterparties*, is dated March 2004 and is available on the website of the Bank for International Settlements (www.bis.org) and the IOSCO website (www.iosco.org). This is the Task Force's third report since its formation in 1999.

The Consultative Report contains 14 recommendations with accompanying explanatory text that address such matters as the legal frameworks that support CCPs, types of risks that CCPs face, governance arrangements, transparency of systems and processes, efficiency of operations, and oversight of CCPs. The foreword to the Consultative Report describes the underlying reasons for the Report:

> CCPs occupy an important place in securities settlement systems (SSSs). A CCP interposes itself between counterparties to financial transactions, becoming the buyer to the seller and the seller to the buyer. A well designed CCP with appropriate risk management arrangements reduces the risks faced by SSS participants and contributes to the goal of financial stability. CCPs have long been used by derivatives exchanges and a few securities exchanges. In recent years, they have been introduced into many more securities markets, including cash markets and over-the-counter markets. Although a CCP has the potential to reduce risks to market participants significantly, it also concentrates risks and responsibilities for risk management. Therefore, the effectiveness of a CCP's risk control and the adequacy of its financial resources are critical aspects of the infrastructure of the markets it serves. In the light of the growing interest in developing CCPs and expanding the scope of their services, the CPSS and the Technical Committee of IOSCO concluded that international standards for CCP risk management are a critical element in promoting the safety of financial markets.

The Task Force is seeking public comments from all interested parties on the Consultative Report by June 9, 2004. Comments can be submitted in the manner described in the IOSCO press release accompanying the Consultative Report (available on the IOSCO website at www.iosco.org).

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1.3 News Releases

1.3.1 OSC Approves Settlement in Respect of David Bromberg

FOR IMMEDIATE RELEASE
April 21, 2004

OSC APPROVES SETTLEMENT IN RESPECT OF DAVID BROMBERG

Toronto – Yesterday, the Ontario Securities Commission approved a settlement agreement between Staff of the Commission and David Bromberg.

The proceeding concerns allegations that during the period from March 1997 to July 2001 Buckingham failed to segregate fully paid or excess margin securities owned by its clients, failed to maintain adequate capital at all times, and failed to keep such books and records in violation of requirements of Ontario securities law. Staff has alleged further that for the fiscal years ending March 31, 1999 and March 31, 2000, Buckingham made statements in Form 9 reports required to be filed or furnished under Ontario securities law that, in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue.

In the settlement agreement approved by the Commission, Bromberg made admissions that he authorized, permitted or acquiesced in Buckingham's violations of the requirements of Ontario securities law outlined above, and that his conduct was contrary to the public interest. As a term of the settlement, Bromberg filed a written undertaking with the Commission that he will never apply for registration in any capacity under Ontario securities law, and that he will never have any ownership interest, directly or indirectly, in any registrant.

The sanctions ordered by the Commission include a permanent cease trade order against Bromberg, termination of Bromberg's registration under Ontario securities law, and a permanent prohibition against Bromberg from becoming or acting as a director or officer of any reporting issuer, an officer or director of any issuer that is a registrant or any issuer that directly or indirectly has any interest in any registrant. The panel, comprised of Commissioner Robert Shirriff, Q.C. and Commissioner Suresh Thakrar, approved the settlement as being in the public interest.

Copies of the Notice of Hearing and Statement of Allegations, the settlement agreement signed March 18, 2004 and the Commission's Order of April 20, 2004 are available on the Commission's website at **www.osc.gov.on.ca**.

For Media Inquiries: Michael Watson
Director, Enforcement
416-593-8156

Wendy Dey
Director, Communications
416-593-8120

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

1.3.2 Notice of the Office of the Secretary in the Matter of Donald Parker

FOR IMMEDIATE RELEASE
April 23, 2004

NOTICE OF THE OFFICE OF THE SECRETARY

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

TORONTO – A Hearing in this matter is adjourned to a date to be fixed by the Secretary to the Commission. A copy of the Order is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For Media Inquiries: Wendy Dey
Director, Communications
416-593-8120

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

1.3.3 Notice from the Office of the Secretary in the Matter of David Bromberg

FOR IMMEDIATE RELEASE
April 21, 2004

NOTICE FROM THE OFFICE OF THE SECRETARY

IN THE MATTER OF DAVID BROMBERG

TORONTO – The Ontario Securities Commission approved a Settlement Agreement between David Bromberg and the Commission at a hearing on Tuesday, April 20, 2004.

A Copy of the Order of the Commission and the Settlement Agreement is available at **www.osc.gov.on.ca**

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For Media Inquiries: Wendy Dey
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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 General Motors Acceptance Corporation and General Motors Acceptance Corporation of Canada, Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemption Relief Applications – Subsidiary of U.S. corporation where U.S. parent is credit supporter exempt from AIF and MD&A requirements for its fiscal year ended December 31, 2003 – Subsidiary further exempt from eligibility requirement, prospectus requirements, and reconciliation requirements of NI 44-101 – Subsidiary further exempt from financial statement requirements and proxy circular requirements for its fiscal year ended December 31, 2003 – Relief subject to conditions.

Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 75, 80(b)(iii), 77, 78, 107, 108, 109 and 121(2)(a)(ii).

National Instruments Cited

National Instrument 44-101 Short Form Prospectus Distributions.
National Instrument 44-102 Shelf Distributions.
National Instrument 71-101 Multijurisdictional Disclosure System.

Ontario Rules Cited

Rule 51-501 AIF and MD&A.

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

AND

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

AND

IN THE MATTER OF
GENERAL MOTORS ACCEPTANCE CORPORATION AND GENERAL MOTORS ACCEPTANCE CORPORATION OF CANADA, LIMITED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (the "Jurisdictions") has received an application from General Motors Acceptance Corporation ("GMAC") and its subsidiary General Motors Acceptance Corporation of Canada, Limited (the "Issuer", and together with GMAC, the "Filer") for decisions under the securities legislation of the Jurisdictions (the "Legislation") that the following requirements contained in the Legislation shall not apply:

a) the requirement under section 2.5(1) of National Instrument 44-101 - *Short Form Prospectus Distributions* ("NI 44-101") and section 2.5 of National Instrument 44-102 - *Shelf Distributions* ("NI 44-102") that GMAC, as a person or company guaranteeing non-convertible debt securities (the "Notes") issued by the Issuer be a reporting issuer with a 12-month reporting history in a Canadian province or territory, and have a current annual information form (a "current AIF" as such term is defined in NI 44-101) (the "Eligibility Requirement") in order to permit the Issuer to issue Notes, in particular those with an Approved Rating (as such term is defined in NI 44-101) which will be fully and unconditionally guaranteed by GMAC, in connection with:

(i) the Issuer's continuous offerings of Notes pursuant to:

- a short form base shelf prospectus dated September 27, 2002;
- a short form base shelf prospectus dated June 28, 2002 and a prospectus supplement

dated June 28, 2002; and

- applicable pricing supplements to each of the foregoing shelf prospectuses and prospectus supplements (collectively, the "Prospectuses"); and

(ii) the Issuer's future offerings of Notes pursuant to renewal short form base shelf prospectuses and, if applicable, prospectus supplements and pricing supplements (collectively, "Renewal Prospectuses") upon the lapse of the Prospectuses and Renewal Prospectuses or by filing additional short form base shelf prospectuses and, if applicable, prospectus supplements and pricing supplements (collectively, the "Future Offerings"), in each of the Jurisdictions;

b) with respect to the Issuer's fiscal year ended December 31, 2003, the requirements under sections 7.1, 7.4 and 7.5 of NI 44-101 (i) that a short form prospectus filed by the Issuer (for greater certainty, comprising the Prospectuses, any Renewal Prospectuses or other Future Offerings) include a reconciliation to Canadian generally accepted accounting principles ("GAAP") of the consolidated financial statements of GMAC included in or incorporated by reference into such prospectus that have been prepared in accordance with GAAP in the United States and (ii) that, where such financial statements are audited in accordance with generally accepted auditing standards ("GAAS") in the United States, GMAC provide a statement by the auditor disclosing any material differences in the auditor's report and confirming that the auditing standards of the foreign jurisdiction are substantially similar to Canadian GAAS (collectively, the "Reconciliation Requirements");

c) with respect to the Issuer's fiscal year ended December 31, 2003, the requirements under the Legislation that:

(i) the Issuer file with the Decision Makers and send, where applicable, to its security holders audited annual financial statements and annual reports including, without limitation, management's discussion and analysis thereon (the "Annual Financial Statement Requirements"); and

(ii) the Issuer comply with the proxy and proxy solicitation requirements, including filing with the Decision Makers of an information circular or, if not applicable, a report in the prescribed form in lieu thereof such as Form 28 (the "Proxy Requirements", and, collectively with the Annual Financial Statement Requirements, the "Continuous Disclosure Requirements");

d) with respect to the Issuer's fiscal year ended December 31, 2003, the requirements that the Issuer file an annual information form and annual management's discussion and analysis, with the Decision Makers in Ontario, Québec and Saskatchewan (the "AIF and MD&A Requirements"); and

e) the requirement that the Prospectuses, Renewal Prospectuses or other Future Offerings include the information set forth in items 7, 12.1(1), 12.2, and 13.1(1)2 of Form 44-101F3 under NI 44-101 (the "Prospectus Requirements").

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 Filer has represented to the Decision Makers that:

1. GMAC is a wholly-owned subsidiary of General Motors Corporation ("GM") and was incorporated in 1997 under the laws of the State of Delaware. On January 1, 1998, GMAC merged with its predecessor, which was originally incorporated in New York in 1919. GMAC is not a reporting issuer or the equivalent in any of the Jurisdictions.

2. GMAC or its predecessor has been a reporting company under the United States Securities Exchange Act of 1934, as amended (the "1934 Act"), for more than six years with respect to its debt securities. GMAC or its predecessor has

filed with the United States Securities and Exchange Commission (the "SEC") all filings required to be made with the SEC under sections 13 and 15(d) of the 1934 Act since it first became a reporting company under the 1934 Act.

3. As at September 30, 2003, GMAC had in excess of US$179 billion in long-term debt outstanding. All of GMAC's outstanding long-term debt is rated "A (low)" by Dominion Bond Rating Service Limited, "BBB" by Standard & Poor's, "A3" by Moody's Investors Service and "BBB+" by Fitch, Inc.

4. GMAC has, for a period of more than 12 months, filed its annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K in Canada under the System for Electronic Document Analysis and Retrieval ("SEDAR") established by National Instrument 13-101, under the SEDAR profile of the Issuer.

5. The common stock in the capital of GMAC is indirectly owned by GM, a publicly traded Delaware corporation.

6. In conducting its primary line of business, namely financing, GMAC and its affiliated companies have a presence in 41 countries and offer a wide variety of automotive financial services to and through franchised GM dealers throughout the world. GMAC also offers financial services to other automobile dealerships and to the customers of those dealerships. Additionally, GMAC provides commercial financing for real estate, equipment and working capital to automobile dealerships, GM suppliers and customers of GM affiliates. GMAC also provides commercial financing and factoring services for companies in the apparel, textile, automotive supplier and numerous other industries. GMAC's other financial services include insurance and mortgage banking. For the nine month period ended September 30, 2003, the net income of GMAC was approximately US$2 billion.

7. The registered and principal office of the Issuer is in Ontario.

8. The Issuer was incorporated under the laws of Canada on October 15, 1953. On February 12, 1975, the Issuer's name was changed by adding a French version (General Motors Acceptance Corporation du Canada, Limitée). The Issuer was continued under the *Canada Business Corporations Act* by Articles of Continuance effective December 3, 1979. The Issuer is a wholly-owned subsidiary of GMAC.

9. The principal business carried on by the Issuer is to offer a wide variety of automotive financial services to franchised GM dealers, their affiliates and their customers throughout Canada. The Issuer also offers a range of other financial services. In particular, the Issuer provides wholesale financing and capital loans to authorized General Motors Corporation of Canada, Limited vehicle dealers and purchases retail installment sale contracts and retail leases from such dealers. The Issuer also makes loans to vehicle leasing companies, the majority of which are affiliated with such dealers.

10. The Issuer is, and has been for more than 12 months, a reporting issuer or the equivalent thereof in all Jurisdictions and will continue to be a reporting issuer or the equivalent thereof in the Jurisdictions.

11. The long-term debt of the Issuer is currently rated "A (low)" by Dominion Bond Rating Service Limited, "BBB" by Standard & Poor's, "A3" by Moody's Investors Service and "BBB+" by Fitch, Inc.

12. As of September 30, 2003, the Issuer had approximately Cdn.$10.52 billion of Notes outstanding, either pursuant to the Prospectuses or previously filed prospectuses.

13. Pursuant to the Prospectuses, the Issuer established programs: (i) to offer and issue up to $8.5 billion aggregate principal amount of unsecured debt securities (or the equivalent in other currencies), including by way of medium term notes, and (ii) to offer and issue up to $1.25 billion aggregate principal amount of variable denomination adjustable rate demand notes, in each case, during the currency of the applicable Prospectus.

14. The Notes are fully and unconditionally guaranteed by GMAC as to payment of principal and interest when and as the same become due and payable, such that the holders thereof will be entitled to receive payment from GMAC upon the failure by the Issuer to make any such payment.

15. The Notes currently have an Approved Rating and it is expected by the Issuer that its publicly issued debt securities will continue to receive an Approved Rating.

16. The outstanding long-term debt of GMAC currently has an Approved Rating and it is expected by GMAC that its long-term debt will continue to receive an Approved Rating.

17. The Issuer intends to effect Future Offerings by way of either filing Renewal Prospectuses upon the lapse of the Prospectuses and each of the Renewal Prospectuses or by filing additional short form base shelf prospectuses in each of the Jurisdictions.

18. The Issuer may from time to time access Canadian debt capital markets other than by way of the Prospectuses, Renewal Prospectuses or other Future Offerings.

19. The Issuer currently satisfies the eligibility criteria specified by section 2.4(1) of NI 44-101 and section 2.4 of NI 44-102, enabling it to file a short form base shelf prospectus. However, following the implementation of National Instrument 51-102 - *Continuous Disclosure Obligations* ("NI 51-102") (to the extent that the Issuer relies on the exemptions available to a "credit support issuer"), the Issuer will not have a current AIF (as such term is defined in NI 44-101) as required pursuant to the aforementioned eligibility criteria and, upon the lapse of the Prospectuses, the Issuer will be unable to rely on such eligibility criteria to file Renewal Prospectuses or additional short form base shelf prospectuses in connection with Future Offerings.

20. The Issuer will be unable to rely on the eligibility criteria to file a short form prospectus or a short form base shelf prospectus contained in section 2.5(1) of NI 44-101 and section 2.5 of NI 44-102, as GMAC is not a reporting issuer or the equivalent in the Jurisdictions, despite the fact that GMAC has, for a period of more than 12 months, filed in the Jurisdictions its continuous disclosure documents filed with the SEC under the 1934 Act and would itself be eligible under section 3.1(a) of National Instrument 71-101 - *Multijurisdictional Disclosure System* ("NI 71-101") to effect a direct offering of its own securities in Canada under the multi-jurisdictional disclosure system ("MJDS").

21. NI 44-101 requires a reconciliation to Canadian GAAP of all financial statements of GMAC included or incorporated by reference in each of the Prospectuses, any Renewal Prospectuses or other Future Offering of the Issuer, and requires the report of GMAC's auditor to be reconciled to Canadian GAAS. Upon the implementation of National Instrument 52-107 - *Acceptable Accounting Principles, Auditing Standards and Foreign Currency* ("NI 52-107") and the corresponding changes to NI 44-101, this relief will no longer be required in respect of periods after January 1, 2004, as GMAC will satisfy the requirements for exemptions for foreign issuers in sections 5.1(a) and 5.2(a) of NI 52-107.

22. The Issuer is a reporting issuer or the equivalent in each of the Jurisdictions which impose such a concept and will therefore be subject to the Continuous Disclosure Requirements and the AIF and MD&A Requirements of the applicable Legislation in respect of its fiscal year ended December 31, 2003. Upon the implementation of NI 51-102, this relief will no longer be required in respect of periods after January 1, 2004, as the Issuer and GMAC will satisfy the requirements for exemptions for credit support issuers (and related obligations of their credit supporters) in section 13.4 of NI-102. However, the Issuer wishes to rely on these exemptions in respect of its disclosure obligations for the fiscal year ended December 31, 2003.

23. GMAC is the direct or indirect beneficial owner of all the issued and outstanding voting securities of the Issuer.

24. In addition, given that GMAC will continue to guarantee all Notes offered by the Issuer, and given that the Issuer is a wholly-owned subsidiary of GMAC and has more than minimal operations that are independent of GMAC, the Issuer will be required to comply with the Prospectus Requirements.

25. Neither the Issuer nor GMAC are in default of any of their obligations under 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 Maker in each of Ontario, Québec and Saskatchewan is that, with respect to the Issuer's fiscal year ended December 31, 2003, the AIF and MD&A Requirements shall not apply to the Issuer, so long as the Issuer and GMAC comply with all of the requirements of each of the two Decisions below.

April 21, 2004.

"Charlie MacCready"

THE FURTHER DECISION of the Decision Makers under the Legislation is that the Eligibility Requirement, the Prospectus Requirements and, with respect to the Issuer's fiscal year ended December 31, 2003, the Reconciliation Requirements, shall not apply to offerings of Notes by way of the Prospectuses, any Renewal Prospectuses or other Future Offerings so long as:

a) the Issuer complies with all of the other requirements of NI 44-101 and NI 44-102, except as varied in the Decision or as permitted by NI 44-102;

b) at all times during the currency of the Prospectuses and prior to the filing of any Renewal Prospectuses or a short form base shelf prospectus in connection with other Future Offerings, GMAC has filed with the Decision Makers, in electronic format under the Issuer's SEDAR profile,

the following documents that GMAC has filed under sections 13 and 15(d) of the 1934 Act since its last fiscal year-end:

i) GMAC's then most recent annual report filed on Form 10-K or an equivalent form ("Form 10-K");

ii) all of GMAC's quarterly reports filed on Form 10-Q or an equivalent form ("Form 10-Q") for the then most recently completed fiscal quarter; and

iii) any current reports of GMAC filed on Form 8-K or an equivalent form ("Form 8-K") during the then current fiscal year;

c) the Prospectuses, any Renewal Prospectuses or other Future Offerings are prepared pursuant to the procedures contained in NI 44-101 and NI 44-102 and comply with the requirements set out in Form 44-101F3:

i) with the disclosure required by item 12.1(1) of Form 44-101F3 being addressed by incorporating by reference:

(A) the then most recent annual report on Form 10-K of GMAC filed with the SEC;

(B) all quarterly reports on Form 10-Q and current reports on Form 8-K of GMAC filed with the SEC in respect of the financial year following the year that is the subject of GMAC's most recently filed annual report on Form 10-K; and

(C) any material change reports filed by the Issuer;

ii) with the disclosure required by item 12.2 of Form 44-101F3 being addressed by incorporating by reference the following documents filed with the SEC or the Decision Makers, as applicable, subsequent to the date of the particular Prospectus, any Renewal Prospectuses or other Future Offerings but prior to the termination of the particular offering:

(A) any annual report on Form 10-K of GMAC filed with the SEC;

(B) any quarterly report on Form 10-Q and current report on Form 8-K of GMAC filed with the SEC;

(C) (I) the annual comparative financial statements of the Issuer filed with the Decision Makers in the manner specified in section 4.1 of NI 51-102, or (II) the annual comparative selected financial information or the annual comparative financial statements of the Issuer filed with the Decision Makers in the manner specified in paragraph (c) of the Further Decision below and any annual comparative selected financial information of the Issuer filed with the Decision Makers in the manner specified in section 13.4(2)(g)(i) of NI 51-102;

(D) (I) the interim comparative financial statements of the Issuer filed with the Decision Makers in the manner specified in section 4.3 of NI 51-102, or (II) the interim comparative selected financial information of the Issuer filed with the Decision Makers in the manner specified in section 13.4(2)(g)(ii) of NI 51-102; and

(E) any material change reports filed by the Issuer;

iii) with the summary financial information disclosure required

by item 13.1(1)2 of Form 44-101F3 in respect of the Issuer being addressed by the incorporation by reference of (A) the annual comparative financial statements of the Issuer filed with the Decision Makers in the manner specified in section 4.1 of NI 51-102, or (B) the annual comparative financial information or the annual comparative financial statements of the Issuer filed with the Decision Makers in the manner specified in paragraph (c) of the Further Decision below and any annual comparative financial information of the Issuer filed with the Decision Makers in the manner specified in section 13.4(2)(g)(i) of NI 51-102; and

iv) with the disclosure required by item 7 of Form 44-101F3 being addressed by disclosure with respect to GMAC in accordance with United States requirements;

d) the Prospectuses, any Renewal Prospectuses or other Future Offerings include or incorporate by reference all material disclosure concerning the Issuer and GMAC;

e) the Prospectuses, any Renewal Prospectuses or other Future Offerings incorporate by reference disclosure made in GMAC's then most recent Form 10-K (as filed under the 1934 Act) together with all Form 10-Qs for the then most recently completed fiscal quarter and any current reports on Form 8-Ks filed under the 1934 Act in respect of the financial year following the year that is the subject of GMAC's then most recently filed Form 10-K and incorporate by reference any documents of the foregoing type filed after the date of the Prospectuses, any Renewal Prospectuses or other Future Offerings and prior to termination of the particular offering;

f) GMAC continues to fully and unconditionally guarantee the payments to be made by the Issuer as stipulated in the terms of the Notes or in an agreement governing the rights of holders of the Notes such that the holder of the Notes is entitled to receive payment from GMAC within 15 days of any failure by the Issuer to make a payment as stipulated;

g) the Notes have an Approved Rating (as defined in NI 44-101);

h) GMAC signs the Prospectuses, any Renewal Prospectuses or other Future Offerings as credit supporter;

i) GMAC remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of the Issuer;

j) GMAC continues to satisfy the criteria set forth in paragraph 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure;

k) GMAC undertakes to file with the Decision Makers, in electronic format under the Issuer's SEDAR profile, the following documents that it files under sections 13 and 15(d) of the 1934 Act: GMAC's annual reports on Form 10-K, all quarterly reports on Form 10-Q and any current reports on Form 8-K until such time as the Notes are no longer outstanding;

l) the consolidated annual and interim financial statements of GMAC dated prior to January 1, 2004 that will be included or incorporated by reference in the Prospectuses, any Renewal Prospectuses or other Future Offerings will be prepared in conformity with generally accepted accounting principles in the United States that the SEC has identified as having substantial authoritative support, as supplemented by Regulation S-X and Regulation S-B under the 1934 Act ("US GAAP"), and, in the case of audited consolidated annual financial statements will be audited in accordance with generally accepted auditing standards in the United States as supplemented by the SEC's rules on auditor independence ("US GAAS"); and

m) the consolidated annual and interim financial statements of GMAC dated on or after January 1, 2004 that will be included or incorporated by reference in the Prospectus, any Renewal Prospectuses or other Future Offerings

will be prepared in accordance with NI 52-107.

April 21, 2004.

"Charlie MacCready"

THE FURTHER DECISION of the Decision Makers under the Legislation is that, with respect to the Issuer's fiscal year ended December 31, 2003, the Annual Financial Statement Requirements and the Proxy Requirements, in all Jurisdictions having Continuous Disclosure Requirements, shall not apply to the Issuer, so long as:

a) GMAC files with each of the Decision Makers, in electronic format under the Issuer's SEDAR profile, copies of the following documents filed by it with the SEC under sections 13 and 15(d) of the 1934 Act, on the same day on which they are filed with the SEC or as soon as practicable thereafter: (i) GMAC's annual report on Form 10-K for the fiscal year ended December 31, 2003; and (ii) any proxy materials relating to any meeting of GMAC's noteholders filed by it with the SEC under section 14 of the 1934 Act for the fiscal year ended December 31, 2003;

b) the documents referred to in paragraph (a) above are provided to holders of Notes whose last address as shown on the books of the Issuer is in Canada in the manner, at the time and only if required by applicable United States law;

c) the Issuer files, in electronic format, either (i) audited consolidated financial statements for the fiscal year ended December 31, 2003, prepared in accordance with Canadian GAAP and accompanied by a report of the auditors to the Issuer thereon, or (ii) annual comparative financial information, derived from the Issuer's audited consolidated financial statements for its fiscal year ended December 31, 2003, prepared in accordance with Canadian GAAP and accompanied by a specified procedures report of the auditors to the Issuer and that includes the following line items for the most recently completed financial year and the financial year immediately preceding the most recently completed financial year:

   i) sales/revenues;

   ii) net earnings from continuing operations before extraordinary items;

   iii) net earnings;

   iv) current assets;

   v) non-current assets;

   vi) current liabilities; and

   vii) non-current liabilities;

d) such filings as are referred to in (c) above are to be made within the time limits required by the Legislation in respect of such financial information;

e) GMAC continues to comply with the requirements of the 1934 Act and the rules and regulations made thereunder relating to proxy statements, proxies and proxy solicitations in connection with any meetings of its noteholders (if any);

f) any consolidated annual financial statements of GMAC that will be filed separately or in another document with the Decision Makers in accordance with paragraph (a) above will be prepared in conformity with US GAAP and, in the case of audited consolidated annual financial statements will be audited in accordance with US GAAS; and

g) all filing fees that would otherwise be payable by the Issuer in connection with the Continuous Disclosure Requirements, or in connection with the Issuer's participation as a reporting issuer in any Jurisdiction, are paid.

April 21, 2004.

"Paul Moore" "Susan Wolburgh-Jenah"

2.1.2 The VenGrowth Advanced Life Sciences Fund Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - application for mutual fund prospectus lapse date extension.

Applicable Ontario Provisions

Securities Act, R.S.O. 1990, c. S.5, s. 62(5).

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

AND

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

AND

IN THE MATTER OF
THE VENGROWTH ADVANCED LIFE SCIENCES FUND INC.

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Canada, except Manitoba (the "Jurisdictions") has received an application (the "Application") from The VenGrowth Advanced Life Sciences Fund Inc. (the "Fund") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the lapse date for the renewal of the current prospectus dated December 10, 2002 (the "Prospectus") for the Class A shares of the Fund (the "Class A Shares") be extended to those time limits that would be applicable if the lapse date of the Prospectus was January 31, 2004;

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

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

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

1. The Fund is a corporation incorporated under the *Canada Business Corporations Act* by articles of incorporation dated October 18, 1999, as amended.

2. The Fund is registered as a labour-sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario) and a labour-sponsored venture capital corporation under the *Income Tax Act* (Canada). The Fund is a mutual fund pursuant to the Legislation.

3. The Fund is a reporting issuer under the Legislation and is not in default of any requirements of the Legislation or the regulations made thereunder.

4. Pursuant to the Legislation or the regulations made thereunder, the lapse date (the "Lapse Date") for distribution of Class A Shares is December 10, 2003, except for Quebec and New Brunswick, for which it is December 12, 2003.

5. Since December 10, 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 Class A Shares offered therein. The extension request will not affect the currency of the information contained in the Prospectus.

6. The Fund has set a shareholders meeting for January 7, 2004 for the approval of certain amendments to the management agreement or a new agreement between the Fund and the Manager, which, if the requested Lapse Date extension is not granted, will require an amendment to any new prospectus filed within days of obtaining a receipt, generating undue costs for the Fund.

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

AND WHEREAS the Decision Makers are 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 time limits provided by the 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 Class A Shares under the Prospectus was January 31, 2004 provided that:

a) the Fund shall file a prospectus amendment prior to January 1, 2004 describing the proposed mechanism to pay and account for sales commissions payable on the sales of Class A Shares, which mechanism is subject to shareholder approval; and

b) the Fund shall use its best efforts to have any prospectus it files receipted by the Lapse Date.

November 17, 2003.

"Susan Silma"

2.1.3 Industry Opportunities Split Corp. and RBC Dominion Securities Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Subdivided offering – Issuer to invest in common shares of six companies – One company is a substantial security holder of an investment dealer subsidiary, which will be a distribution company of the issuer – The investment restriction prohibiting the issuer from making and holding investments in the common shares of a company that is a substantial security holder of a distribution company of the issuer shall not apply.

The prohibitions contained in the Legislation prohibiting trading in portfolio securities by persons or companies having information concerning the trading programs of mutual funds shall not apply to the agent with respect to certain principal trades with the issuer in securities comprising the issuer's portfolio.

Ontario Statutes Cited

Securities Act, R.S.O., c. S.5, as amended, clause 111(2)(a), subsection 111(3), ss. 113 and 119, subclause 121(2)(a)(ii).

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

AND

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

AND

IN THE MATTER OF
INDUSTRY OPPORTUNITIES SPLIT CORP.

AND

IN THE MATTER OF
RBC DOMINION SECURITIES INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Saskatchewan, Newfoundland and Labrador and Nova Scotia (the "Jurisdictions") has received an application from Industry Opportunities Split Corp. (the "Issuer") and RBC Dominion Securities Inc. ("RBC DS") for decisions under the securities legislation (the "Legislation") of the Jurisdictions that the following requirements contained in the Legislation shall not apply to the Issuer and/or RBC DS, as applicable, in connection with the initial public offering (the "Offering")

of preferred shares (the "Preferred Shares") and capital shares (the "Capital Shares") of the Issuer:

(a) the prohibition against trading in portfolio shares by persons or companies having information concerning the trading programs of mutual funds (the "Principal Trading Prohibition"); and

(b) the investment restrictions prohibiting the Issuer from making and holding investments in a company that is a substantial security holder of a distribution company of the Issuer (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 meanings set out in National Instrument 14-101 – *Definitions;*

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

1. RBC DS was incorporated under the laws of the Province of Ontario and is a direct, wholly-owned subsidiary of Royal Bank of Canada ("Royal Bank"). RBC DS is registered under the Legislation as a dealer in the categories of "broker" and "investment dealer" and is a member of the Investment Dealers Association of Canada and the Toronto Stock Exchange (the "TSX").

2. RBC DS will be the promoter of the Issuer and will be establishing a credit facility in favour of the Issuer in order to facilitate the acquisition of the Portfolio Shares (as defined below) by the Issuer.

3. The Issuer was incorporated under the laws of the Province of Ontario on September 19, 2003.

4. The Issuer has filed with the securities regulatory authorities of each Province of Canada an amended preliminary prospectus dated September 29, 2003 (the "Preliminary Prospectus") in respect of the Offering of Capital Shares and Preferred Shares to the public.

5. The Issuer intends to become a reporting issuer under the Legislation by filing a final prospectus (the "Final Prospectus") relating to the Offering. Prior to the filing of the Final Prospectus, the Articles of Incorporation of the Issuer will be amended so that the authorized capital of the Issuer will consist of an unlimited number of Capital Shares, an unlimited number of Preferred Shares, and an unlimited number of Class E voting shares, having the attributes set forth under the headings "Description of Share Capital" and "Details of the Offerings" in the Preliminary Prospectus.

6. Application has been made to list the Capital Shares and Preferred Shares on the TSX.

7. The Class E Shares will be the only voting shares in the capital of the Issuer. At the time of filing the Final Prospectus, there will be 100 Class E Shares issued and outstanding. A trust established for the benefit of holders of the Preferred Shares and Capital Shares from time to time will own all of the issued and outstanding Class E Shares of the Issuer.

8. Prior to the filing of the Final Prospectus, the Issuer will have appointed a board of directors consisting of five directors, two of whom will be employees of RBC DS and three of whom will be independent of RBC DS. The offices of President/Chief Executive Officer and Chief Financial Officer/Secretary of the Issuer will be held by employees of RBC DS.

9. Pursuant to an agency agreement to be made between the Issuer and RBC DS and such other agents as may be appointed after the date of this application (collectively, the "Agents" and individually, an "Agent"), the Issuer will appoint the Agents, as its agents, to offer the Capital Shares and Preferred Shares of the Issuer on a best efforts basis. The Final Prospectus qualifying the Offering will contain a certificate signed by each of the Agents in accordance with the Legislation.

10. The Issuer will be considered to be a mutual fund as defined in the Legislation. Since the Issuer will not operate as a conventional mutual fund, it has made application for a waiver from certain requirements of National Instrument 81-102 – *Mutual Funds*.

11. The Issuer is a passive investment company whose principal undertaking will be to invest in a portfolio of common shares (the "Portfolio Shares") of BCE Inc., EnCana Corporation, Royal Bank of Canada, Sun Life Financial Services of Canada Inc., The Thomson Corporation and TransCanada Corporation (collectively, the "Portfolio Companies") in order to generate fixed cumulative preferential dividends for the holders of the Company's Preferred Shares and to enable the holders of the Company's Capital Shares to participate in any capital appreciation in the Portfolio Shares and to benefit from any increase in the dividends on the Portfolio Shares. The purpose of the Issuer is to provide a vehicle through which different investment objectives with respect to participation in the Portfolio Shares may be satisfied.

12. The Final Prospectus will disclose the acquisition cost to the Issuer of the Portfolio Shares and

dividend and trading history of the Portfolio Shares.

13. The Portfolio Shares are listed and traded on the TSX.

14. The Issuer is not, and will not upon the completion of the Offering, be an insider of any of the issuers of the Portfolio Shares within the meaning of the Legislation.

15. RBC DS does not have knowledge of a material fact or material change with respect to any of the Portfolio Companies that has not been generally disclosed.

16. RBC DS' economic interest in the Issuer and in the material transactions involving the Issuer are disclosed in the Preliminary Prospectus and will be disclosed in the Final Prospectus under the heading "Interest of Management and Others in Material Transactions" and will include the following:

    (a) agency fees with respect to the Offering;

    (b) an administration fee under the Administration Agreement (as defined below);

    (a) commissions in respect of the acquisition of Portfolio Shares, the disposition of Portfolio Shares to fund a redemption or retraction, or the purchase for cancellation, of the Capital Shares and Preferred Shares or if necessary, to fund a portion of the fixed dividends on the Preferred Shares;

    (b) interest and reimbursement of expenses, in connection with the acquisition of Portfolio Shares; and

    (c) amounts in connection with Principal Sales and Principal Purchases (as described in paragraphs 21 and 28 below).

17. The net proceeds from the sale of the Capital Shares and Preferred Shares under the Final Prospectus, after payment of commissions to the Agents, expenses of issue and carrying costs relating to the acquisition of the Portfolio Shares, will be used by the Issuer to:

    (a) pay the acquisition cost (including any related costs or expenses) of the Portfolio Shares; and

    (b) pay the initial fee payable to RBC DS for its services under the Administration Agreement (as defined below).

18. All Capital Shares and Preferred Shares outstanding on a date approximately five years from the closing of the Offering will be redeemed by the Issuer on such date. Capital Shares and Preferred Shares will be retractable at the option of the holder and redeemable at the option of the Issuer as described in the Preliminary Prospectus.

19. Pursuant to an agreement (the "Securities Purchase Agreement") to be entered into between the Issuer and RBC DS, RBC DS will purchase, as agent for the benefit of the Issuer, Portfolio Shares in the market on commercial terms or from non-related parties with whom RBC DS and the Issuer deal at arm's length. Subject to receipt of all necessary regulatory approvals, RBC DS may, as principal, sell Portfolio Shares to the Issuer (the "Principal Sales"). The aggregate purchase price to be paid by the Issuer for the Portfolio Shares (together with carrying costs and other expenses incurred in connection with the purchase of Portfolio Shares) will not exceed the net proceeds from the Offering.

20. Under the Securities Purchase Agreement, RBC DS may receive commissions at normal market rates in respect of its purchase of Portfolio Shares, as agent on behalf of the Issuer, and the Issuer will pay any carrying costs or other expenses incurred by RBC DS, on behalf of the Issuer, in connection with its purchase of Portfolio Shares as agent on behalf of the Issuer. In respect of any Principal Sales made to the Issuer by RBC DS, RBC DS may realize a financial benefit to the extent that the proceeds received from the Issuer exceed the aggregate cost to RBC DS of such Portfolio Shares. Similarly, the proceeds received from the Issuer may be less than the aggregate cost to RBC DS of the Portfolio Shares and RBC DS may realize a financial loss, all of which is described in the Preliminary Prospectus and will be described in the Final Prospectus.

21. The Preliminary Prospectus discloses and the Final Prospectus will disclose that any Principal Sales will be made in accordance with the rules of the applicable stock exchange and the price paid by RBC DS (inclusive of all transaction costs, if any) will not be greater than the price which would have been paid (inclusive of all transaction costs, if any) if the acquisition had been made through the facilities of the principal stock exchange on which the Portfolio Shares are listed and posted for trading at the time of the purchase from RBC DS.

22. RBC DS will not receive any commissions from the Issuer in connection with the Principal Sales and all Principal Sales will be approved by the independent directors of the Issuer.

23. For the reasons set forth in paragraphs 19 and 20 above, and due to the fact that no commissions

will be payable to RBC DS in connection with the Principal Sales, in the case of the Principal Sales, the interests of the Issuer and the shareholders of the Issuer may be enhanced by insulating the Issuer from price increases in respect of the Portfolio Shares.

24. None of the Portfolio Shares to be sold by RBC DS as principal to the Issuer have been acquired, nor has RBC DS agreed to acquire, any Portfolio Shares while RBC DS had access to information concerning the investment program of the Issuer, although certain of the Portfolio Shares to be held by the Issuer may be acquired or RBC DS may agree to acquire such Portfolio Shares on or after the date of the Decision Document in respect of this application.

25. It will be the policy of the Issuer to hold the Portfolio Shares and to not engage in any trading of the Portfolio Shares, except:

    (a) to fund retractions or redemptions of Capital Shares and Preferred Shares;

    (b) to fund the payment of the fixed dividends on the Preferred Shares; or

    (c) in certain other limited circumstances as described in the Preliminary Prospectus.

26. Pursuant to an administration agreement (the "Administration Agreement") to be entered into, the Issuer will retain RBC DS to administer the ongoing operations of the Issuer and will pay RBC DS a monthly fee of 1/12 of 0.20% of the market value of the Portfolio Shares held in the Portfolio.

27. In connection with the services to be provided by RBC DS to the Issuer pursuant to the Administration Agreement, RBC DS may sell Portfolio Shares to fund retractions of Capital Shares and Preferred Shares, to fund the fixed dividends on the Preferred Shares, and upon liquidation of the Portfolio Shares in connection with the final redemption of Capital Shares and Preferred Shares on the Redemption Date (as will be defined in the Final Prospectus). These sales will be made by RBC DS as agent on behalf of the Issuer, but in certain circumstances, such as where a small number of Capital Shares and Preferred Shares have been surrendered for retraction, RBC DS may purchase Portfolio Shares as principal (the "Principal Purchases") subject to receipt of all regulatory approvals.

28. In connection with any Principal Purchases, RBC DS will comply with the rules, procedures and policies of the applicable stock exchange of which it is a member and in accordance with orders obtained from all applicable securities regulatory authorities. The Preliminary Prospectus discloses and the Final Prospectus will disclose that RBC DS may realize a gain or loss on the resale of such securities.

29. In connection with any Principal Purchases, RBC DS will take reasonable steps, such as soliciting bids from other market participants or such other steps as RBC DS, in its discretion, considers appropriate after taking into account prevailing market conditions and other relevant factors, to enable the Issuer to obtain the best price reasonably available for the Portfolio Shares so long as the price obtained (net of all transaction costs, if any) by the Issuer from RBC DS is at least as advantageous to the Issuer as the price which is available (net of all transaction costs, if any) through the facilities of the applicable stock exchange at the time of the trade.

30. RBC DS will not receive any commissions from the Issuer in connection with Principal Purchases and, in carrying out the Principal Purchases, RBC DS shall deal fairly, honestly and in good faith with the Issuer.

31. Royal Bank is a substantial security holder of RBC DS, which will be a distribution company of the Issuer.

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 pursuant to the Legislation is that:

(a) the Principal Trading Prohibitions shall not apply to RBC DS in connection with the Principal Sales and Principal Purchases; and

(b) the Investment Restrictions shall not apply to the Issuer in connection with the making and holding of investments in common shares of Royal Bank in connection with the Offering.

October 24, 2003.

"Suresh Thakrar" "H. Lorne Morphy"

2.1.4 Purolator Holdings Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer exempt from the issuer bid requirements in respect of repurchases of securities from RRSP accounts of employees pursuant to the terms of its employee share ownership plan.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 93(3)(d), 95 to 100 and 104(2)(c).

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

AND

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

AND

IN THE MATTER OF
PUROLATOR HOLDINGS LTD.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from Purolator Holdings Ltd. ("Purolator Holdings") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation relating to the delivery of an offer and issuer bid circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, take-up of and payment for securities tendered to an issuer bid, disclosure, restrictions upon purchases of securities, identical consideration and collateral benefits (collectively, the "Issuer Bid Requirements") shall not apply to repurchases of Series B Common Shares of Purolator Holdings ("ESOP Shares") from registered retirement savings plans ("RRSPs") of permanent full-time and regularly scheduled part-time employees of Purolator Holdings or Purolator Courier Ltd. ("Purolator Courier") resident in Canada and having at least six months of service ("Employees");

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 Purolator Holdings has represented to the Decision Makers that:

1. Purolator Holdings was incorporated on February 5, 1962, under the *Business Corporations Act* (Ontario) and has its head office in Mississauga, Ontario. Purolator Holdings is a holding company which, through its wholly-owned subsidiary, Purolator Courier, carries on a national and international transportation business. Purolator Holdings is not a reporting issuer (or equivalent) in any of the Jurisdictions.

2. As of March 8, 2004, the issued and outstanding Series A Common Shares of Purolator Holdings were owned by: Canada Post Corporation and its affiliates as to approximately 92.7%; Barry Lapointe Holdings Ltd. as to approximately 7.2%; and by certain members of management of Purolator Holdings and Purolator Courier as to approximately 0.1%.

3. Purolator Courier was amalgamated on June 1, 1989, under the *Canada Business Corporations Act* and is a wholly-owned subsidiary of Purolator Holdings. Purolator Courier carries on business in all of the provinces and territories of Canada and has approximately 12,400 full-time and part-time employees resident in Canada. Purolator Courier is not a reporting issuer (or equivalent) in any of the Jurisdictions.

4. Effective January 1, 2000, Purolator Holdings and Purolator Courier implemented the 2000 employee share ownership plan (the "2000 ESOP"), currently in effect, in order to provide eligible employees of Purolator Holdings and Purolator Courier with an opportunity to purchase ESOP Shares through a process of payroll deductions.

5. As of March 8, 2004, there were approximately 1,153,521 ESOP Shares issued and outstanding under the 2000 ESOP, all of which are held by Computershare Trust Company of Canada, as Administrative Agent for holders of ESOP Shares under the 2000 ESOP.

6. Employee shareholders will be entitled to one vote for each ESOP Share held at all meetings of shareholders of Purolator Holdings voting together as a class with the holders of Series A Common Shares, and will be entitled to participate in any distribution of the assets of Purolator Holdings (after payment of Purolator Holdings' debts and liabilities and subject to the rights of holders of any shares of Purolator Holdings ranking in priority or preference to the holders of Series A Common Shares and ESOP Shares) on a per share basis

equally with holders of Series A Common Shares in the event of a liquidation, dissolution or winding-up of Purolator Holdings, whether voluntary or involuntary, or any other distribution of the assets of Purolator Holdings among its shareholders for the purpose of winding-up its affairs.

7. Employee shareholders will receive copies of the audited annual financial statements of Purolator Holdings as well as regular statements with details of ESOP Shares held and payroll deduction funds collected.

8. Purolator Holdings and Purolator Courier now propose to create and implement a new employee share ownership plan (the "2004 ESOP") in addition to its 2000 ESOP. The 2004 ESOP has been designed to promote and recognize employee commitment to Purolator Holdings and Purolator Courier, to enhance employee loyalty, involvement and teamwork, to attract and retain employees interested in long term commitment and to share Purolator Holdings' financial success with Employees.

9. Pursuant to the terms of the 2004 ESOP, Purolator Holdings will offer to all Employees the opportunity to purchase ESOP Shares.

10. Participation in the 2004 ESOP is voluntary and Employees will not be induced to participate in the 2004 ESOP by expectation of employment or continued employment with Purolator Holdings or Purolator Courier.

11. Because no market exists, or is expected to develop, for the ESOP Shares, the price at which ESOP Shares are issued will be determined by a formula based on the shareholders' equity of Purolator Holdings and the earnings of Purolator Holdings in the three years preceding any issuance (the "Formula Price").

12. Computershare Trust Company of Canada, or such other Canadian trust company as may be selected by Purolator Holdings from time to time in its discretion (the "Transfer Agent"), will be retained as transfer agent for the ESOP Shares and as administrator of the 2004 ESOP.

13. Employees who wish to participate in the 2004 ESOP will subscribe for the purchase of ESOP Shares through a process of payroll deduction. Employees will be able to contribute up to $780 each year toward the purchase of ESOP Shares. Funds deducted from Employees' wages will be deposited in accounts with, and held in trust by, the Transfer Agent. At the end of each fiscal quarter, and following the determination of the Formula Price for each ESOP Share in respect of such quarter, the monies accumulated by the Transfer Agent will be used to purchase ESOP Shares on behalf of Employees.

14. For every five ESOP Shares purchased by Employees and held for at least one year, Employees will be entitled to receive one additional ESOP Share (a "Matching Share"). To effect the issuance of Matching Shares, Purolator Courier will pay a cash bonus to each eligible Employee equal to the product obtained by multiplying (i) the number of Matching Shares to which each such Employee is entitled, and (ii) the subscription price for such Matching Shares (i.e., the Formula Price in respect of the quarter in which the entitlement to receive Matching Shares arises). Each Employee will then direct the full amount of such cash bonus to Purolator Holdings in consideration for the issuance of Matching Shares.

15. Employees will be able to purchase ESOP Shares personally or through RRSPs to be administered by the Transfer Agent. Transfers of ESOP Shares held by Employees to other Employees or to third parties will be prohibited.

16. Because no market exists, or is expected to develop, for the ESOP Shares, Employees will be permitted to resell ESOP Shares back to Purolator Holdings during a fixed period after each fiscal quarter following the determination of the Formula Price in respect of that quarter. Employees will also be required to resell their ESOP Shares back to Purolator Holdings upon ceasing to be an Employee at the Formula Price in respect of the most recently ended fiscal quarter.

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 Bid Requirements shall not apply to repurchases by Purolator Holdings of ESOP Shares (including Matching Shares) from RRSPs of Employees pursuant to the 2004 ESOP.

April 20, 2004.

"Paul M. Moore" "Susan Wolburgh-Jenah"

2.1.5 Seventh Energy Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Decision declaring corporation to be no longer a reporting issuer following the acquisition of all of its outstanding securities by another issuer.

Applicable Ontario Statutory Provisions

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

April 27, 2004

Stikeman Elliott
4300, 888 - 3rd Street S.W.
Calgary, AB T2P 5C5

Attention: Gordon L. Chmilar

Dear Sir:

Re: Seventh Energy Ltd. (Applicant) - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario and Quebec (the "Jurisdictions")

The Applicant has applied to the local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions for a decision under the securities legislation (the "Legislation") of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that,

1. the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;

2. no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

3. the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

4. the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting issuer in the Jurisdictions.

"Patricia M. Johnston"

2.1.6 Guggenheim Capital Markets, LLC - ss. 6.1(1) of MI 31-102 and s. 6.1 of OSC Rule 13-502

Headnote

International dealer exempted from the electronic funds transfer requirement pursuant to subsection 6.1(1) of Multilateral Instrument 31-102 National Registration Database and activity fee contemplated under section 4.1 of Ontario Securities Commission Rule 13-502 Fees waived in respect of this discretionary relief, subject to certain conditions.

Rules Cited

Multilateral Instrument 31-102 National Registration Database (2003) 26 O.S.C.B. 926, s. 6.1.
Ontario Securities Commission Rule 13-502 Fees (2003) 26 O.S.C.B. 867, ss. 4.1 and 6.1.

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

AND

IN THE MATTER OF
GUGGENHEIM CAPITAL MARKETS, LLC
(FORMERLY LINKS SECURITIES, LLC)

DECISION
(Subsection 6.1(1) of Multilateral Instrument 31-102 *National Registration Database* and section 6.1 of Rule 13-502 *Fees*)

UPON the Director having received the application of Guggenheim Capital Markets, LLC (formerly Links Securities, LLC) (the Applicant) for an order pursuant to subsection 6.1(1) of Multilateral Instrument 31-102 *National Registration Database* (MI 31-102) granting the Applicant relief from the electronic funds transfer requirement contemplated under MI 31-102 and for relief from the activity fee requirement contemplated under section 4.1 of Ontario Securities Commission Rule 13-502 *Fees* (Rule 13-502) in respect of this discretionary relief;

AND UPON considering the application and the recommendation of the staff of the Ontario Securities Commission (the Commission);

AND UPON the Applicant having represented to the Director as follows:

1. The Applicant is incorporated under the laws of the State of Delaware in the United States of America. The Applicant is not a reporting issuer. The Applicant is registered under the Act as an international dealer. The head office of the Applicant is located in New York, New York.

2. MI 31-102 requires that all registrants in Canada enrol with CDS Inc. (CDS) and use the national registration database (NRD) to complete certain

registration filings. As part of the enrolment process, registrants are required to open an account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD by electronic pre-authorized debit (electronic funds transfer or, the EFT Requirement).

3. The Applicant has encountered difficulties in setting up a Canadian based bank account for purposes of fulfilling the EFT Requirement.

4. The Applicant confirms that it is not registered in another category to which the EFT Requirement applies and that Ontario is the only jurisdiction in which it is registered.

5. Staff of the Canadian Securities Administrators has indicated that, with respect to applications from international dealers and international advisers (or applicants in equivalent categories of registration) for relief from the EFT Requirement, it is prepared to recommend waiving the fee normally required to accompany applications for discretionary relief (the Application Fee).

6. For Ontario registrants, the requirement for payment of the Application Fee is set out in section 4.1 of Rule 13-502.

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

IT IS THE DECISION of the Director, pursuant to subsection 6.1(1) of MI 31-102 that the Applicant is granted relief from the EFT Requirement for so long as the Applicant:

A. makes acceptable alternative arrangements with CDS for the payment of NRD fees;

B. pays its participation fee under the Act to the Commission by cheque, draft, money order or other acceptable means at the time of filing its application for annual renewal, which shall be no later than the first day of December in each year;

C. pays any applicable activity fees, or other fees that the Act requires it to pay to the Commission, by cheque, draft, money order or other acceptable means at the appropriate time; and

D. is not registered in any Jurisdiction in another category to which the EFT Requirement applies;

PROVIDED THAT the Applicant submits a similar application in any other Canadian jurisdiction where it becomes registered as an international dealer or international adviser or in an equivalent registration category;

AND IT IS THE FURTHER DECISION of the Director, pursuant to section 6.1 of Rule 13-502, that the Application Fee will be waived in respect of the application for this Decision.

April 27, 2004.

"David M. Gilkes"

2.2 Orders

2.2.1 The Business, Engineering, Science & Technology Discoveries Fund Inc. - s. 9.1 of NI 81-105 and s. 144

Headnote

Variation of a prior order to permit a labour sponsored investment fund to pay certain specified distribution costs out of fund assets contrary to section 2.1 of National Instrument 81-105 Mutual Fund Sales Practices. Variation granted on the condition that the distribution costs are included in the management expense ratio. Exemption expires November 30, 2004.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5., as am., s. 144.

Rules Cited

National Instrument 81-105 Mutual Fund Sales Practices.

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

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 81-105
MUTUAL FUND SALES PRACTICES (NI 81-105)

AND

IN THE MATTER OF
THE BUSINESS, ENGINEERING, SCIENCE &
TECHNOLOGY DISCOVERIES FUND INC.

VARIATION
(Section 9.1 of NI 81-105 and section 144 of the Act)

WHEREAS the Ontario Securities Commission (the Commission) has received an application from The Business, Engineering, Science & Technology Discoveries Fund Inc. (the Fund), for a decision pursuant to the securities legislation of Ontario (the Legislation) that the decision dated January 4, 2002 granted to the Fund by the Commission (the Previous Decision), be varied to reflect that the Fund will expense commissions paid on the sale of shares to retained earnings as a share issue cost as they occur;

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

AND WHEREAS the Fund and B.E.S.T. Investment Counsel Limited (the Manager) have represented to the Commission as follows:

1. The Fund is a corporation formed under the laws of Canada on November 21, 1996, as amended December 31, 1996, January 30, 1998 and January 4, 2002. The Fund is a reporting issuer under the Act, and is not on the list of defaulting reporting issuers maintained pursuant to subsection 72(9) of the Act.

2. The Manager is a corporation incorporated under the laws of Ontario on November 4, 1998. The Manager has been retained by the Fund pursuant to an agreement to manage and administer the affairs of the Fund, which was assigned from B.E.S.T. Capital Management Ltd. to the Manager, effective September 1, 2003.

3. The Fund has retained B.E.S.T. Investment Counsel Limited to source investments for the Fund's investment portfolio.

4. The Fund is registered as a labour sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario), as amended (the Ontario Act) and as such is a prescribed labour-sponsored venture capital corporation under the *Income Tax Act* (Canada), as amended (the Federal Act).

5. The Fund is a mutual fund which makes investments in small and medium-sized Ontario-based businesses which are eligible investments for the Fund under the Ontario Act and Federal Act.

6. Pursuant to the Previous Decision, the Commission exempted the Fund from section 2.1 of NI 81-105 to the extent that section 2.1 prohibits a mutual fund from making payments or providing benefits of the nature contemplated in NI 81-105, to permit the Fund to directly pay the Distribution Costs (as defined in the Previous Decision) in respect of the distribution of three series of class A shares, provided that such Distribution Costs are permitted by, and paid in accordance with, NI 81-105 and to account for the Distribution Costs in the Fund's financial statements in the manner provided for in the Previous Decision.

7. The payment of commissions (the Commissions) on the sale of the Class A Shares by the Fund is an event contemplated under the Ontario Act and the Federal Act.

8. As a result of the implementation of Section 1100 of the CICA handbook, effective July 2003, (Section 1100), labour sponsored investment funds are no longer permitted to defer and amortize Commissions on a straight line basis over an eight year period.

9. The Fund's compliance with Section 1100 is inconsistent with the terms of the Previous

Decision relating to the accounting treatment of the Commissions. Thus, the Fund requires a variation of the Previous Decision.

10. Expensing Commissions to retained earnings as a share cost issue as they occur is a practice that is consistent with Section 1100.

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

NOW THEREFORE pursuant to section 144 of the Act, the decision of the Commission is that the Previous Decision is varied with effect as of the date hereof, and pursuant to Section 9.1 of NI 81-105, as follows:

1. Paragraph 12(a) and (b) are deleted in their entirety and replaced with the following:

"(a) with respect to the distribution of Series I Shares:

(i) a commission of 6.25% of the original issue price of the Series I Shares (the "6.25% Series I Commission"); and

(ii) a service fee equal to 0.50% annually of the net asset value of the Series I Shares held by the customers of the sales representatives of the registered dealers, calculated daily and paid quarterly in arrears (the "Series I Service Fee");

(b) with respect to the distribution of Series II Shares:

(i) a commission of 10% of the original issue price of the Series II Shares (the "10% Series II Commission"), consisting of a 6.25% sales commission plus an additional 3.75% sales commission in lieu of any service fees payable before the eighth anniversary of the date of issue of the Series II Shares; and

(ii) after the eighth anniversary of the date of issue of the Series II Shares, a service fee equal to 0.50% annually of the net asset value of the Series II Shares held by the customers of the sales representatives of the registered dealers, calculated daily and paid quarterly in arrears (the "Series II Service Fee");"

2. Paragraph 14 shall be deleted in its entirety and replaced with the following:

"For accounting purposes, the Fund will

(a) charge the amount paid or payable in respect of the 6.25% Series I Sales Commission and 10% Series II Sales Commission to retained earnings as a share issue cost as they occur; and

(b) expense the Co-op Expenses, the Series I Service Fee, the Series II Service Fee, the Series III Service Fee and the Series III Trailing Service Fee in the fiscal period when incurred."

PROVIDED THAT

(a) The Distribution Costs are included in the Fund's calculation of its management expense ratio; and

(b) this Variation and the Previous Decision shall cease to be operative on November 30, 2004.

April 20, 2004.

"S. Wolburgh-Jenah" "Paul Moore"

2.2.2 EStation Network Services Inc. and New Millennium Venture Fund Inc. - s. 144

Headnote

Section 144 – partial revocation of cease trade order to permit certain trades of securities to a wholly-owned subsidiary – issuer is insolvent person under the Bankruptcy and Insolvency Act (Canada) – partial revocation to facilitate foreclosure by applicant upon the assets of the issuer.

Statutes Cited

Securities Act, R.S.O., c. S.5, as am., s. 127 and s. 144.
Personal Property Security Act, R.S.O., c. P.10, as am.
Bankruptcy and Insolvency Act, R.S. 1985, c. B-3, as am.

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

AND

IN THE MATTER OF
ESTATION NETWORK SERVICES INC.

AND

IN THE MATTER OF
NEW MILLENNIUM VENTURE FUND INC.

ORDER
(Section 144)

WHEREAS the securities of EStation Network Services Inc. ("EStation") currently are subject to a temporary order made by the Director on behalf of the Ontario Securities Commission (the "Commission"), pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, on May 23, 2003 as extended by a further order of the Director made on June 4, 2003, on behalf of the Commission pursuant to subsection 127(8) of the Act (collectively, the "Cease Trade Order"), directing that trading in securities of EStation cease until the Cease Trade Order is revoked by a further order of revocation;

AND WHEREAS New Millennium Venture Fund Inc. ("New Millennium") has applied to the Director pursuant to section 144 of the Act for an order varying the Cease Trade Order;

AND WHEREAS New Millennium has represented to the Director that:

1. EStation was incorporated under the laws of Ontario and is a reporting issuer under the securities legislation of the provinces of Ontario, British Columbia and Alberta.

2. On October 30, 2001 the name of EStation was changed from EStation.com to EStation Network Services, Inc.

3. EStation is engaged in the development, installation and operation of a network of web-enabled automated seller machines and other self-service devices throughout Canada.

4. On November 25, 2002 EStation had a total of 97,728,575 common shares (the "Common Shares"), 26,996,107 Series B Subscription Receipts, 33,333,333 Series C Subscription Receipts (the "Series C Subscription Receipts") and 40,000,000 special warrants issued and outstanding, 19,658,333 options to acquire Common Shares and 2,000,000 warrants to acquire Common Shares outstanding and a $500,000 7% secured debenture (the "Debenture").

5. On November 25, 2002 all issued and outstanding Series B Subscription Receipts were exchanged for Common Shares on the basis of 1.1 Common Shares for each Series B Subscription Receipt.

6. The Common Shares were suspended from trading on the NEX on or about May 23, 2003.

7. EStation is an insolvent person under the *Bankruptcy and Insolvency Act* (Canada) (the "BIA").

8. New Millennium was incorporated under the laws of Ontario by articles of incorporation dated November 10, 1999 and amended by articles of amendment dated January 5, 2000, January 6, 2000 and January 18, 2002.

9. New Millennium is registered as a labour sponsored investment fund corporation under the *Canada Small Business Investment Funds Act* (Ontario) (the "CSBIFA") and is a prescribed labour-sponsored venture capital corporation under the *Income Tax Act* (Canada).

10. As of the date hereof, New Millennium is the holder of the Series C Subscription Receipts, the Debenture and 25,000,000 special warrants.

11. The Series C Subscription Receipts were issued by EStation to New Millennium on November 23, 2001 in exchange for gross cash consideration of $1,000,000.

12. The Series C Subscription Receipts are governed by the terms of a trust indenture dated as of November 23, 2001 between EStation and Computershare Trust Company of Canada, as trustee (the "Trust Indenture").

13. The Series C Subscription Receipts are secured by way of a floating charge over all of the personal property of EStation (the "Series C Security") pursuant to a security agreement made as of November 23, 2001.

14. The Series C Security became enforceable by New Millennium no later than December 30, 2003 as a result of EStation failing to make payments due to New Millennium under the terms of the Series C Subscription Receipts and having committed certain other events of default under the Trust Indenture.

15. The Debenture was issued by EStation to New Millennium on November 25, 2002 in exchange for cash consideration of $500,000. The Debenture bears interest at the rate of 7% per annum and matured on May 31, 2003.

16. The Debenture is secured by way of a floating charge over all of the personal property of EStation (the "Debenture Security") pursuant to a security agreement dated as of November 25, 2002 (the "Debenture Security Agreement").

17. The Debenture Security became enforceable by New Millennium on May 31, 2003 when EStation failed to pay the amounts due to New Millennium upon maturity of the Debenture (the "Debenture Default"). The Debenture Security has priority over the Series C Security.

18. New Millennium proposes to transfer the Series C Subscription Receipts and the Debenture to a wholly-owned subsidiary of New Millennium ("NewCo") (collectively, the "Subsidiary Trades") and cause NewCo to enforce its rights and remedies under the Series C Security and the Debenture Security by accepting assets of EStation in full satisfaction of EStation's obligations under the Series C Subscription Receipts and the Debenture (the "Foreclosure").

19. The Foreclosure will be carried out in accordance with the Trust Indenture and the Series C Security, the Debenture and the Debenture Security Agreement and applicable law.

20. The Subsidiary Trades will be made in order to realize certain commercial, tax and legal advantages for itself and the business carried on by EStation that result from foreclosure being carried out through a separate legal entity.

21. The Subsidiary Trades will also be made because, as a labour sponsored investment fund corporation under the CSBIFA, New Millennium holds securities representing its investments in businesses, not the assets of the businesses themselves.

22. The Subsidiary Trades will be exempt from the registration and prospectus requirements of the Act pursuant to Section 2.3 of Ontario Securities Commission Rule 45-501 – Exempt Distributions.

23. The Foreclosure is expected to occur as follows:

(a) NewCo will make a demand on EStation and will deliver to EStation a notice of its intention to enforce its rights under the Series C Security and/or the Debenture Security, in accordance with the BIA;

(b) upon the expiry of a ten day notice period, or earlier with EStation's consent, NewCo will deliver to prescribed parties a notice of its proposal to accept assets of EStation in full satisfaction of EStation's obligations under the Series C Subscription Receipts and/or the Debenture, all in accordance with the *Personal Property Security Act* (Ontario) (the "PPSA") and the personal property securities laws of any other applicable jurisdiction; and

(c) upon the expiry of a thirty day notice period, and provided that no written objections are delivered by a party entitled to notification of NewCo's proposal, NewCo will accept assets granted by EStation in full satisfaction of EStation's obligations under the Series C Subscription Receipts and/or the Debenture, all in accordance with the PPSA and the personal property securities laws of any other applicable jurisdiction.

24. The Cease Trade Order was issued by the Commission due to the failure of EStation to file its audited annual statement for the year ended December 31, 2002 (the "2002 Filing").

25. EStation is also subject to cease trade orders (collectively, the "Additional Cease Trade Orders") of the British Columbia Securities Commission (the "BCSC") for failure to file its annual audited financial statement for the year ended December 31, 2002 and first quarter interim unaudited financial statements for the period ended March 31, 2003 and the Alberta Securities Commission (the "ASC") for failure to file its annual audited financial statement for the year ended December 31, 2002, first quarter interim unaudited financial statements for the period ended March 31, 2003, and the second quarter interim unaudited financial statements for the period ended June 30, 2003.

26. New Millennium has not applied to the BCSC or the ASC for a partial revocation of the Additional Cease Trade Orders since the Subsidiary Trades will occur in Ontario.

27. Since the issuance of the Cease Trade Order, EStation has not filed with the Commission the 2002 Filing or any subsequent financial statements. As EStation is insolvent, it is not expected at this time that the 2002 Filing or any

subsequent financial statements will be prepared or publicly disseminated.

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

IT IS ORDERED pursuant to section 144 of the Act that the Cease Trade Order is varied solely to permit the Subsidiary Trades.

February 27, 2004.

"Erez Blumberger"

2.2.3 The Chippery Chip Factory Inc. - s. 83

Headnote

Issuer filed and obtained a receipt for a final prospectus relating to a proposed initial public offering of common shares – prospectus was subsequently withdrawn prior to closing of offering – no securities were distributed under the prospectus – as a consequence of obtaining a receipt for the prospectus, issuer became a reporting issuer – issuer seeking an order that it be deemed to have ceased to be a reporting issuer – issuer obtaining shareholder approval to make application - issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

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

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

AND

IN THE MATTER OF
THE CHIPPERY CHIP FACTORY INC.

ORDER
(Section 83)

WHEREAS the Ontario Securities Commission (the "Commission") has received an application from The Chippery Chip Factory Inc. (the "Applicant") for an order pursuant to Section 83 of the Act deeming the Applicant to have ceased to be a reporting issuer for the purposes of Ontario securities law;

AND WHEREAS the Commission has considered the application and the recommendation of its staff;

AND WHEREAS the Applicant has represented to the Commission as follows:

1. On September 17, 1997, the Applicant was incorporated under the *Canada Business Corporations Act* ("CBCA") as The Chippery Chip Factory Inc.

2. The authorized capital of the Applicant consists of an unlimited number of common shares ("Common Shares") and preference shares of which 17,235,903 Common Shares are issued and outstanding and nil preference shares are issued and outstanding.

3. The Applicant has been a reporting issuer in the province of Ontario since March 17, 1998, the date on which it received a receipt from the Commission for a final prospectus in connection with an initial public offering of Common Shares. The Applicant did not close the public offering and

no securities were issued under the final prospectus.

4. The Applicant's securities have never been listed on any stock exchange or trading or quotation system.

5. The Applicant is not currently a reporting issuer or the equivalent in any jurisdiction in Canada other than Ontario.

6. The Applicant is not on the list of defaulting reporting issuers maintained pursuant to the Act and the Applicant is not in default of any of its obligations as a reporting issuer.

7. As at the date hereof, there are only 35 registered holders and approximately 45 beneficial holders of Common Shares. All of the Applicant's shareholders acquired their Common Shares pursuant to prospectus exemptions under the Act.

8. Of the 35 registered shareholders, 29 have an address in Ontario.

9. The Applicant has no securities, including debt securities, outstanding other than the Common Shares.

10. The Applicant does not intend to seek public financing by way of an issue of securities.

11. On June 26, 2003, at an annual and special meeting of the shareholders of the Applicant, a majority of the shareholders of the Applicant approved a resolution authorizing the Applicant to make this application. Prior to the meeting, the shareholders were provided with an information circular which disclosed that if the Applicant ceased to be a reporting issuer, it would no longer be required to comply with the continuous disclosure requirements under the Act. In addition, the information circular disclosed that if the Applicant ceased to be a reporting issuer, there would be strict restrictions that would apply to the sale of Common Shares and that some shareholders of the Applicant who otherwise had "free trading" shares would now hold shares that were subject to resale restrictions. 61% of the outstanding Common Shares were voted at the shareholder's meeting on June 26, 2003. 100% of these votes were in favour of a resolution authorizing the Applicant to make this application.

AND WHEREAS the Commission is satisfied that granting this order would not be prejudicial to the public interest;

IT IS ORDERED under Section 83 of the Act that the Applicant is deemed to have ceased to be a reporting issuer for the purposes of Ontario securities law.

April 23, 2004.

"Paul M. Moore" "Robert W. Davis"

2.2.4 Donald Parker - s. 127

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

AND

IN THE MATTER OF
DONALD PARKER

ORDER

WHEREAS on April 14, 2004 the Ontario Securities Commission issued a Notice of Hearing pursuant to s. 127 of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the "Act") in respect of Donald Parker;

AND WHEREAS Staff of the Commission and Donald Parker request an adjournment of this proceeding to a date to be fixed by the Secretary to the Commission;

AND WHEREAS Staff of the Commission and Donald Parker, by his counsel Richard Kotarba, consent to the terms of this order;

IT IS ORDERED THAT pursuant to section 21 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended, the hearing is adjourned to a date to be fixed by the Secretary to the Commission.

April 22, 2004.

"Paul Moore"

2.2.5 David Bromberg - ss. 127 and 127.1

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

AND

IN THE MATTER OF
DAVID BROMBERG

ORDER
(Sections 127 and 127.1)

WHEREAS on the 6th day of July, 2001, the Ontario Securities Commission (the "Commission") ordered, among other things, pursuant to clause 1 of subsection 127(1) of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act"), that the registration of Buckingham Securities be suspended and that trading in any securities by Buckingham, Lloyd Bruce ("Bruce") and David Bromberg ("Bromberg") cease for a period of fifteen days from the date of the order (the "Temporary Order");

AND WHEREAS on the 20th day of July, 2001 the Commission ordered as described above, pursuant to subsection 127(7) of the Act that the Temporary Order, among other things, be extended against Buckingham, Bruce and Bromberg until the hearing is concluded and that the hearing be adjourned *sine die*;

AND WHEREAS on April 15, 2004, the Commission issued a Notice of Hearing (the "Notice of Hearing") pursuant to sections 127 and 127.1 of the Act in respect of David Bromberg;

AND WHEREAS the respondent David Bromberg entered into a settlement agreement dated March 18, 2004, in which the respondent agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission; and wherein Bromberg provided to the Commission a written undertaking never to apply for registration in any capacity under Ontario securities law and never to own directly or indirectly any interest in a registrant;

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

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

IT IS HEREBY ORDERED THAT:

1. the Settlement Agreement dated March 18, 2004, attached to this order as Schedule "1", is hereby approved;

2. pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Bromberg cease permanently from the date of this order;

3. pursuant to clause 1 of subsection 127(1) of the Act, the registration of Bromberg is terminated;

4. pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Bromberg from the date of this order;

5. pursuant to clause 7 of subsection 127(1) of the Act, Bromberg resign forthwith any position he holds as an officer or director of any reporting issuer or any issuer which is a registrant or any issuer which has an interest directly or indirectly in a registrant;

6. pursuant to clause 8 of subsection 127(1) of the Act, Bromberg is prohibited permanently from becoming or acting as an officer or director of any reporting issuer or an officer or director of any issuer that is a registrant, or any issuer that directly or indirectly has any interest in any registrant, from the date of this order;

7. pursuant to clause 6 of subsection 127(1) of the Act, Bromberg is reprimanded by the Commission.

April 20, 2004.

"Robert Shirriff" "Suresh Thakrar"

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

AND

IN THE MATTER OF
DAVID BROMBERG

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. On the 6th day of July, 2001, the Ontario Securities Commission (the "Commission") ordered, among other things, pursuant to clause 1 of subsection 127(1) of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act"), that the registration of Buckingham Securities Corporation ("Buckingham") be suspended and that trading in any securities by Buckingham, Lloyd Bruce ("Bruce") and David Bromberg ("Bromberg") cease for a period of fifteen days from the date of the order (the "Temporary Order").

2. On the 20th day of July, 2001 the Commission ordered pursuant to subsection 127(7) of the Act, that the Temporary Order, among other things, be extended against Buckingham, Bruce and Bromberg until the hearing is concluded and that the hearing be adjourned *sine die.*

3. By Notice of Hearing dated April 15, 2004, the Ontario Securities Commission announced that it proposed to hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, it is in the public interest for the Commission to make certain orders as specified therein:

II. JOINT SETTLEMENT RECOMMENDATION

4. Staff recommend settlement of the allegations against the respondent Bromberg in accordance with the terms and conditions set out below. Bromberg agrees to the settlement on the basis of the facts and conclusions agreed to as provided in Part IV and consents to the making of an order against him in the form attached as Schedule "A" on the basis of the facts set out in Part IV.

5. This settlement agreement, including the attached Schedules "A" and "B" (collectively, the "Settlement Agreement") will be released to the public only if and when the Settlement Agreement is approved by the Commission.

III. ACKNOWLEDGEMENT

6. Staff and Bromberg agree with the facts and conclusions set out in Part IV for the purpose of this settlement proceeding only and further agree that this agreement of facts and conclusions is

without prejudice to Bromberg in any other proceedings of any kind including, but without limiting the generality of the foregoing, any proceedings brought by the Commission under the Act or any civil or other proceedings which may be brought by any other person or agency.

IV. AGREED FACTS AND CONCLUSIONS

Background

7. Buckingham is incorporated pursuant to the laws of Ontario. Buckingham was registered under Ontario securities law as a securities dealer during the period from March 17, 1997 to July 6, 2001 (the "Material Time"). Buckingham commenced trading for clients in or about April 1997.

8. The registration of Buckingham was suspended on July 6, 2001 by Temporary Order made by the Commission, and extended by Order of the Commission dated July 20, 2001. BDO Dunwoody Limited was appointed Receiver and Manager of the assets and undertaking of Buckingham by Order of the Honourable Madame Justice Swinton dated July 26, 2001.

9. Bromberg was one of the principals of Buckingham since its incorporation in August in 1996. Bromberg was registered pursuant to section 26 of Act as a salesperson of Buckingham from March 17, 1997 to November 3, 1997, and thereafter as a salesperson and director from November 3, 1997 to July 6, 2001. During the Material Time, Bromberg acted as president, although he was not registered as an officer of Buckingham under Ontario securities law. Bromberg's registration as a salesperson has been suspended since July 6, 2001. By the terms of the Commission's Temporary Order and Order referred to above, Bromberg has been prohibited from trading in securities since July 6, 2001.

10. Norman Frydrych ("Frydrych") was one of the principals of Buckingham since its incorporation in August 1996. Frydrych was registered pursuant to section 26 of the Act as a salesperson of Buckingham commencing on August 6, 1997. Frydrych's registration was subject to terms and conditions for a period of two years. During the Material Time, Frydrych acted as an officer of Buckingham.

11. Bruce was registered with Buckingham pursuant to section 26 as the sole officer of Buckingham from January 26, 1998 to July 6, 2001. Bruce was the president, trading officer and compliance officer of Buckingham.

12. Miller Bernstein & Partners LLP ("Miller Bernstein") is a firm of chartered accountants with an office at Toronto. In December 1996, Buckingham appointed Miller Bernstein as the firm's auditor. As the auditor appointed by Buckingham, Miller Bernstein was required under section 21.10(2) of the Act to make an examination of the annual financial statements and other regulatory filings of Buckingham, in accordance with generally accepted auditing standards, and to prepare a report on the financial affairs of Buckingham in accordance with professional reporting standards.

Buckingham's Trading Activities - Accounts held with Executing Brokers

13. Buckingham was not a member of the Investment Dealers Association of Canada ("IDA") or any other self-regulatory organization ("SRO"). During the Material Time, Buckingham engaged in trading on an agency basis for clients. Buckingham had approximately 2400 client cash, margin or RRSP accounts (1000 of which were active accounts at the time of the suspension of Buckingham's operations in July 2001). Buckingham's clients purchased securities through Buckingham salespeople for cash or on margin. Client orders were executed through various IDA member firms.

14. During the Material Time, Buckingham entered into executing broker arrangements with various firms including Canaccord Capital Corporation ("Canaccord") and W.D. Latimer Co. Ltd. ("Latimer") to process Buckingham's client orders.

15. From approximately May 1997 to July 2000, Buckingham conducted the majority of its trading for its clients using cash or margin accounts at Canaccord (the "Canaccord Accounts"). The Canaccord Accounts were held in the name of Buckingham and were operated as omnibus accounts. These accounts held clients' securities in aggregate, and did not identify individual Buckingham client names and the corresponding security positions of individual clients.

16. In April 2000, Canaccord notified Buckingham that it intended to close the Canaccord Accounts because of its concerns with the form and operation of the Canaccord Accounts.

17. On or about July 28, 2000, Buckingham transferred the securities it held at Canaccord to cash and margin accounts at Latimer. The accounts held in the name of Buckingham at Latimer operated as omnibus accounts, in the same manner as described in paragraph 15 above.

18. During the Material Time, Latimer and Buckingham entered into an agreement in respect of the Latimer Accounts, which provided, in part:

> [T]hat all securities and credit balances held by LATIMER for the Customer's account shall be subject to a general lien for any and all

indebtedness to LATIMER howsoever arising and in whatever account appearing, including any liability arising by reason of any guarantee by the Customer of the account or of any other person; that LATIMER is authorized hereby to sell, purchase, pledge, or repledge any or all such securities without notice of advertisement to satisfy this lien, and that LATIMER may at any time without notice whenever LATIMER carries more than one account for the Customer enter credit or debit balances, whether in respect of securities or money, to any of such accounts and make such adjustments between such accounts as LATIMER may in its sole discretion deem fit; and that any reference to the Customer's account in this clause shall include any account in which the Customer has an interest whether jointly or otherwise.

19. The trades processed by Buckingham through the Canaccord, Latimer and other brokerage accounts involved both securities that had been fully paid and securities purchased on margin by Buckingham's clients. As described below, it was Buckingham's responsibility to ensure that the securities owned by clients, including excess margin securities, were properly segregated, and that such securities were not available for pledging as collateral security for any indebtedness owing by Buckingham to Latimer, or other brokers who had similar executing broker arrangements with Buckingham.

Buckingham's Failure to Segregate Clients' Securities

20. Section 117 of the Regulation to the Act requires that "securities held by a registrant for a client that are unencumbered and that are either fully paid for or are excess margin securities…shall be (a) segregated and identified as being held in trust for the client; and (b) described as being held in segregation on the registrant's security position record, client ledger and statement of account."

21. During the Material Time, Buckingham failed to segregate fully paid or excess margin securities owned by its clients and held in Buckingham's omnibus accounts with other brokerage firms, as outlined above, contrary to the requirements contained in section 117 of Regulation to the Act.

22. Buckingham, in failing to comply with the segregation requirements contained in section 117 of the Regulation to the Act, put client assets at risk (ie. client assets were available to be used as collateral in support of Buckingham's indebtedness to brokerage firms.) In the ongoing receivership proceeding, two firms have asserted a security interest or lien over securities held in the Buckingham accounts. As a consequence of Buckingham's failure to segregate, many of Buckingham's clients may suffer financial losses should it be determined in the receivership proceeding that the secured claims of the two brokers include fully-paid-for client securities improperly pledged by Buckingham. Bromberg, Bruce and Frydrych authorized, permitted or acquiesced in Buckingham's breach of the requirements contained in section 117 of the Regulation to the Act.

Buckingham's Failure to Maintain Adequate Capital

23. All registrants must maintain adequate capital at all times in accordance with section 107 of the Regulation to the Act. As set out in paragraph 29 below, Buckingham had a deficiency of net free capital in excess of $9,000,000 for its financial year ending March 31, 1999, and a deficiency of net free capital in excess of $27,500,000 for its financial year ending March 31, 2000. Buckingham failed to report such information in the audited financial Form 9 reports it was required to file under Ontario securities law, and instead reported excess net free capital which was misleading or untrue, as further described in paragraph 29 below.

24. In June 2001, during a compliance review conducted by Commission Staff in respect of the operations of Buckingham, Staff identified several areas of concern, including Buckingham's significant capital deficiency. As set out in paragraph 8 above, Buckingham's registration was suspended on July 6, 2001 and BDO Dunwoody was appointed receiver and manager of Buckingham shortly thereafter.

25. During the Material Time, Buckingham contravened the requirement contained in section 107 of the Regulation to the Act to maintain adequate capital at all times. Bromberg, Bruce and Frydrych authorized, permitted or acquiesced in Buckingham's contravention of section 107 of the Regulation to the Act.

Failure to Maintain Books and Records

26. During the Material Time, Buckingham failed to keep necessary records required under Ontario securities law, contrary to section 113 of the Regulation to the Act. In particular, during the Material Time, Buckingham failed to prepare documents on a monthly basis to record reasonable calculations of minimum free capital, adjusted liabilities and capital required by the firm in order to ensure that Buckingham complied with its capital requirements pursuant to section 107 of the Regulation to the Act. Bromberg, Bruce and Frydrych authorized, permitted or acquiesced in Buckingham's breach of the requirement contained in section 113 of the Regulation to the Act.

Misleading or Untrue Statements in 1999 and 2000 Form 9 Reports

27. Buckingham prepared Form 9 reports for the financial years ending March 31, 1999 and March 31, 2000 (hereafter, referred to as the "1999 Form 9 Report" and the "2000 Form 9 Report"). Section 142 of the Regulation to the Act requires a securities dealer, who is not a member of an SRO, to deliver to the Commission within 90 days after the end of each financial year a report prepared in accordance with Form 9. The Form 9 reports, among other things, record the capital position and requirements of the securities dealer, and confirm the segregation of clients' fully paid and excess margin securities. Section 144 of the Regulation to the Act requires that the Form 9 Reports be audited by an auditor appointed by the securities dealer, in accordance with generally accepted auditing standards and the audit requirements published by the Commission.

28. The 1999 and 2000 Form 9 Reports were submitted to the Commission. Bruce and Bromberg each signed the Certificate of Partners or Directors on behalf of Buckingham for the 1999 and 2000 Form 9 Reports, certifying, among other things, that:

(a) the financial statements and other information presented fairly the financial position of Buckingham; and

(b) information stated in the Certificate was true and correct, including the statement that Buckingham promptly segregated all clients' free securities.

29. Buckingham, for the fiscal years ending March 31, 1999 and March 31, 2000, made statements in the 1999 and 2000 Form 9 Reports required to be filed or furnished under Ontario securities law that, in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements not misleading, specifically;

(i) a. the 1999 Statement of Assets and Liabilities and Capital stated that the amount of Buckingham's total liabilities (excluding subordinated loans) was $4,402,608 when such amount was in excess of $12,000,000;

b. the 1999 Statement of Net Free Capital stated that Buckingham had excess net free capital, before taking account of capital requirements, in the amount of $521,766, when Buckingham had a deficiency of net free capital in excess of $8,000,000;

c. the 1999 Statement of Adjusted Liabilities stated that the amount of Buckingham's adjusted liabilities was $3,527,784, when the amount was in excess of $11,500,000;

d. the 1999 Statement of Minimum Free Capital stated that Buckingham had excess net free capital, after deducting capital requirements in the amount of $179,544, when Buckingham had a deficiency of net free capital in excess of $9,000,000;

e. the 1999 Certificate of Partners or Directors stated that Buckingham properly segregated all clients' free securities, when Buckingham was not segregating clients' free securities.

(ii) a. the 2000 Statements of Assets and Liabilities and Capital stated that the amount of Buckingham's total liabilities (excluding subordinated loans) was $11,085,049, when such amount was in excess of $36,000,000;

b. the 2000 Statement of Net Free Capital stated that Buckingham had excess net free capital, before taking account of capital requirements, in the amount of $738,675, when Buckingham had a deficiency of net free capital in excess of $25,500,000;

c. the 2000 Statement of Adjusted Liabilities stated that the amount of Buckingham's adjusted liabilities was $6,914,102, when such amount was in excess of $31,000,000;

d. the 2000 Statement of Minimum Free Capital stated that Buckingham had excess net free capital, after deducting capital requirements, in the amount of $144,778, when Buckingham had a deficiency of

net free capital in excess of $27,500,000;

e. the 2000 Certificate of Partners or Directors stated that Buckingham had properly segregated all clients' free securities, when Buckingham was not segregating clients' free securities.

30. Bromberg, Bruce and Frydrych, for the fiscal years ending March 31, 1999 and March 31, 2000, authorized permitted or acquiesced in Buckingham making statements in Buckingham's 1999 and 2000 Form 9 Reports required to be filed or furnished under Ontario securities law that, in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements not misleading.

Breach of Requirement to File Form 9 (Financial Questionnaire and Report)

31. Section 142 of the Regulation to the Act provides that every securities dealer, that is not a member of an SRO, must deliver to the Commission within ninety days after the end of its financial year a report prepared in accordance with Form 9 (Financial Questionnaire and Report).

32. Buckingham's Form 9 report for the fiscal year ending March 31, 2001 was due on June 30, 2001. Staff received a request for an extension to file the 2001 Form 9 on the basis that Buckingham's auditor was not prepared to certify the Form 9. By letter dated June 29, 2001 Bruce, on behalf of Buckingham, advised Staff that its auditor "… is uncomfortable certifying the Form 9 at this time given the capital deficiency that has been brought to our attention recently during the OSC's Compliance Audit. Our auditor performed this year's audit in the same manner as in previous years, and did not reflect any capital deductions or deficiencies caused by under margin accounts or the segregation of cash and securities. In effect, a Form 9 based on the current financial statements prepared by our Auditor would be incorrect."

33. Buckingham failed to comply with the requirement contained in section 142 of the Regulation to the Act to file the required audited form 9 for the fiscal year ending March 31, 2001.

Conduct Contrary to the Public Interest

34. Bromberg's conduct was contrary to the public interest in that:

(a) During the Material Time, Buckingham failed to segregate fully paid or excess margin securities owned by its clients contrary to the requirements contained in section 117 of the Regulation to the Act.

(b) During the Material Time, Buckingham failed to maintain adequate capital at all times contrary to the requirements of section 107 of the Regulation to the Act.

(c) During the Material Time, Buckingham failed to keep such books and records required under section 113 of the Regulation to the Act, and in particular, failed to maintain on a monthly basis a record of a reasonable calculation of minimum free capital, adjusted liabilities, and capital required by the firm to meet its capital requirements.

(d) Buckingham failed to comply with the requirement contained in section 142 of the Regulation to the Act to deliver the required audited Form 9 Report for the fiscal year ending March 31, 2001;

(e) During the Material Time, Bromberg, Bruce and Frydrych authorized, permitted or acquiesced in Buckingham's violations of the requirements of Ontario securities law, described in subparagraphs (a), (b), (c) and (d) above.

(f) Buckingham, for the fiscal years ending March 31, 1999 and March 31, 2000, made statements in the 1999 and 2000 Form 9 Reports required to be filed or furnished under Ontario securities law that, in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements not misleading; and

(g) Bromberg, Bruce and Frydrych, for the fiscal years ending March 31, 1999 and March 31, 2000, authorized permitted or acquiesced in Buckingham making statements in Buckingham's 1999 and 2000 Form 9 Reports required to be filed or furnished under Ontario securities law that, in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements not misleading.

V. POSITION OF THE RESPONDENT

35. Bromberg states that he did not have sufficient technical skills to ensure that Buckingham complied with the requirements of Ontario securities law.

VI. TERMS OF SETTLEMENT

36. Bromberg agrees to the following terms of settlement:

a. pursuant to clause 2 of subsection 127(1) of the Act, Bromberg will cease trading in securities permanently from the date of the order of the Commission approving the Settlement Agreement;

b. pursuant to clause 1 of subsection 127(1) of the Act, the registration of Bromberg is terminated;

c. pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Bromberg from the date of the order of the Commission approving the Settlement Agreement;

d. pursuant to clause 7 of subsection 127(1) of the Act, Bromberg will forthwith resign any positions he holds as an officer or director of any reporting issuer or any issuer which is a registrant or any issuer which has any interest directly or indirectly in a registrant;

e. pursuant to clause 8 of subsection 127(1) of the Act, Bromberg is permanently prohibited from becoming or acting as an officer or director of any reporting issuer or an officer or director of a registrant or any issuer which has an interest directly or indirectly in any registrant, from the date of the Order of the Commission approving the Settlement Agreement;

f. Bromberg undertakes to the Commission never to apply for registration in any capacity under Ontario securities law, and further undertakes never to own directly or indirectly, any interest in a registrant. Bromberg agrees to execute an undertaking to the Commission in the form attached as Schedule "B" to this Settlement Agreement;

g. pursuant to clause 6 of subsection 127(1) of the Act, Bromberg will be reprimanded by the Commission;

h. Bromberg agrees to attend, in person, the hearing before the Commission on a date to be determined by the Secretary to the Commission to consider the Settlement Agreement, or such other date as may be agreed to by the parties for the scheduling of the hearing to consider the Settlement Agreement.

VII. STAFF COMMITMENT

37. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Bromberg in relation to the facts set out in Part IV of this Settlement Agreement, subject to the provisions contained in paragraphs 38 and 42 below.

38. If this Settlement Agreement is approved by the Commission, and at any subsequent time Bromberg fails to honour the terms and undertakings contained in Part VI herein, Staff reserve the right to bring proceedings under Ontario securities law against Bromberg based on the facts set out in Part IV of the Settlement Agreement, as well as the breach of the terms and undertakings.

VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT

39. Approval of the settlement set out in the Settlement Agreement shall be sought at a public hearing of the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by the parties for the scheduling of the hearing to consider the Settlement Agreement.

40. Staff and the respondent may refer to any part, or all, of the Settlement Agreement at the Settlement Hearing. Staff and Bromberg agree that the Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing, unless the parties later agree that further evidence should be submitted at the Settlement Hearing.

41. If the Settlement Agreement is approved by the Commission, Bromberg agrees to waive his right to a full hearing, judicial review or appeal of the matter under the Act.

42. Staff and Bromberg agree and undertake that if the Settlement Agreement is approved by the Commission, they will not make any statement inconsistent with the Settlement Agreement. This undertaking is a fundamental term of the Settlement Agreement, the breach of which Bromberg agrees will be deemed to be a fundamental breach of the Settlement Agreement.

43. Whether or not the Settlement Agreement is approved by the Commission, Bromberg agrees that he will not, in any proceeding, refer to or rely

upon the Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

44. If, for any reason whatsoever, the Settlement Agreement is not approved by the Commission, or an order in the form attached as Schedule "A" is not made by the Commission;

a. the Settlement Agreement and its terms, including all settlement negotiations between Staff and Bromberg leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Bromberg;

b. Staff and Bromberg shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement negotiations; and

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

IX. DISCLOSURE OF SETTLEMENT AGREEMENT

45. The Settlement Agreement and its terms will be treated as confidential by Staff and Bromberg, until approved by the Commission, and forever if, for any reason whatsoever, the Settlement Agreement is not approved by the Commission, except with the written consent of Staff and Bromberg or as may be required by law.

46. Any obligations of confidentiality shall terminate upon approval of the Settlement Agreement by the Commission.

X. EXECUTION OF SETTLEMENT AGREEMENT

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

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

March 18, 2004.

"Miles D. O'Reilly"
Witness

"David Bromberg"
David Bromberg

"Michael Watson"
Michael Watson

SCHEDULE "A"

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

AND

IN THE MATTER OF
DAVID BROMBERG

ORDER
(Sections 127 and 127.1)

WHEREAS on the 6th day of July, 2001, the Ontario Securities Commission (the "Commission") ordered, among other things, pursuant to clause 1 of subsection 127(1) of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act"), that the registration of Buckingham Securities be suspended and that trading in any securities by Buckingham, Lloyd Bruce ("Bruce") and David Bromberg ("Bromberg") cease for a period of fifteen days from the date of the order (the "Temporary Order");

AND WHEREAS on the 20th day of July, 2001 the Commission ordered as described above, pursuant to subsection 127(7) of the Act that the Temporary Order, among other things, be extended against Buckingham, Bruce and Bromberg until the hearing is concluded and that the hearing be adjourned *sine die*;

AND WHEREAS on April 15, 2004, the Commission issued a Notice of Hearing (the "Notice of Hearing") pursuant to sections 127 and 127.1 of the Act in respect of David Bromberg;

AND WHEREAS the respondent David Bromberg entered into a settlement agreement dated March 18, 2004, in which the respondent agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission; and wherein Bromberg provided to the Commission a written undertaking never to apply for registration in any capacity under Ontario securities law and never to own directly or indirectly any interest in a registrant;

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

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

IT IS HEREBY ORDERED THAT:

1. the Settlement Agreement dated March 18, 2004, attached to this order as Schedule "1", is hereby approved;

2. pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Bromberg cease permanently from the date of this order;

3. pursuant to clause 1 of subsection 127(1) of the Act, the registration of Bromberg is terminated;

4. pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Bromberg from the date of this order;

5. pursuant to clause 7 of subsection 127(1) of the Act, Bromberg resign forthwith any position he holds as an officer or director of any reporting issuer or any issuer which is a registrant or any issuer which has an interest directly or indirectly in a registrant;

6. pursuant to clause 8 of subsection 127(1) of the Act, Bromberg is prohibited permanently from becoming or acting as an officer or director of any reporting issuer or an officer or director of any issuer that is a registrant, or any issuer that directly or indirectly has any interest in any registrant, from the date of this order;

7. pursuant to clause 6 of subsection 127(1) of the Act, Bromberg is reprimanded by the Commission.

DATED at Toronto this day of April, 2004

_____

_____

_____

SCHEDULE "B"

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

AND

**IN THE MATTER OF
DAVID BROMBERG**

**UNDERTAKING TO THE
ONTARIO SECURITIES COMMISSION**

I, David Bromberg, am a Respondent to a Notice of Hearing dated April 15, 2004 issued by the Ontario Securities Commission. I undertake to the Ontario Securities Commission that I will never apply for registration in any capacity under Ontario securities law. I further undertake that I will never have any ownership interest, directly or indirectly, in any registrant. I have agreed to such terms as set out in the settlement agreement between Staff of the Commission and me dated March 18, 2004.

"Miles D. O'Reilly"
Witness

March 18, 2004.

"David Bromberg"
David Bromberg

March 18, 2004.

Acknowledgement as Received by,

"John Stevenson"
John Stevenson

April 20, 2004.

2.2.6 BF Minerals Ltd. - s. 144

Headnote

Section 144 – application for revocation of cease trade order – issuer subject to cease trade order as a result of its failure to file with the Commission and send to its shareholders annual and interim financial statements – issuer has brought filings up to date – full revocation granted.

Applicable Ontario Statutory Provisions

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

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

**IN THE MATTER OF
BF MINERALS LTD.
(formerly Redaurum Limited)**

**ORDER
(Section 144)**

WHEREAS on July 26, 2000, a Temporary Order was made by the Ontario Securities Commission (the "Commission") pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the *Securities Act* (Ontario) (the "Act") that all trading in the securities of Redaurum Limited (now BF Minerals Ltd.) ("BF Minerals") was ordered to cease for a period of fifteen days from the date of such Order by reason that the interim financial statements for the three month period ended March 31, 2000 were not filed with the Commission;

AND WHEREAS on August 8, 2000, such Temporary Order was extended by the Commission pursuant to subsection 127(8) until it was revoked by further order of revocation (the Temporary Order, as extended, the "Cease Trade Order");

AND WHEREAS BF Minerals has now applied to the Commission for an order pursuant to section 144 of the Act to revoke the Cease Trade Order;

AND WHEREAS BF Minerals has represented to the Commission as follows:

1. BF Minerals was incorporated pursuant to the laws of Ontario by Certificate and Articles of Incorporation dated February 7, 1984 under the name "Redaurum Red Lake Mines Limited", it changed its name pursuant to Articles of Amendment on May 5, 1994 to "Redaurum Limited" and it further changed its name pursuant to Articles of Amendment on April 14, 2004 to "BF Minerals Ltd.";

2. The head office of BF Minerals is located at 199 Bay Street, Suite 2800, Commerce Court West, Toronto, Ontario, M5L 1A9;

3. BF Minerals has been a reporting issuer in the Province of Ontario since August 8, 1984 and in the Province of Alberta since January 1, 1986;

4. The authorized capital of BF Minerals consists of an unlimited number of Common Shares, of which 104,050,740 Common Shares are issued and outstanding;

5. The Cease Trade Order was issued by reason that the interim financial statements for the three month period ended March 31, 2000 were not filed with the Commission;

6. BF Minerals subsequently failed to file, within the prescribed time limits, financial statements for the following periods: interim periods ended June 30, 2000, September 30, 2000, March 31, 2001, June 30, 2001, September 30, 2001, March 31, 2002, June 30, 2002, September 30, 2002, March 31, 2003, June 30, 2003 and September 30, 2003 and financial years ended December 31, 2000, 2001 and 2002.

7. The financial statements were not filed with the Commission due to BF Minerals not having sufficient funds to retain accounting and audit services to prepare the financial statements;

8. On August 21, 2000, BF Minerals filed with the Commission its interim financial statements for the period ended March 31, 2000;

9. On February 25, 2003, BF Minerals filed with the Commission its interim financial statements for the periods ended June 30, 2000 and September 30, 2000 and its annual financial statements for the year ended December 31, 2000;

10. On March 19, 2003, BF Minerals filed with the Commission its interim financial statements for the periods ended March 31, 2001 and June 30, 2001;

11. On March 27, 2003, BF Minerals filed with the Commission its interim financial statements for the period ended September 30, 2001;

12. On December 12, 2003, BF Minerals filed with the Commission its annual financial statements for the years ended December 31, 2002 and 2001;

13. On December 22, 2003, BF Minerals filed with the Commission its interim financial statements for the periods ended March 31, 2002, June 30, 2002 and September 30, 2002;

14. On January 23, 2004, BF Minerals filed with the Commission its interim financial statements for the periods ended March 31, 2003, June 30, 2003 and September 30, 2003;

15. As a result of the foregoing, BF Minerals is up to date in filing its financial statements with the Commission and has remedied the deficiencies set out in the above-mentioned Cease Trade Order;

16. Except for the Cease Trade Order, BF Minerals has not been subject to any other cease trade orders issued by the Commission and BF Minerals is not otherwise in default of any requirements of the Act or the rules or regulations thereunder;

AND WHEREAS the Commission has considered the application and the recommendation of staff;

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

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

April 26, 2004.

"Charlie MacCready"

2.3 Rulings

2.3.1 Nanogen, Inc. and SynX Pharma Inc. - ss. 74(1)

Headnote

Subsection 74(1) – relief from the registration requirement under section 25 of the Act in respect of first trades in common shares of Acquiring Company received by debentureholders of Target Company in accordance with a plan of arrangement pursuant to section 182 of the Business Corporations Act (Ontario).

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 74(1).
Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 182.

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

AND

IN THE MATTER OF
NANOGEN, INC.
AND
SYNX PHARMA INC.

RULING
(Subsection 74(1) of the Act)

UPON the application of Nanogen, Inc. ("**Nanogen**") and SynX Pharma Inc. ("**SynX**") (collectively the "**Applicants**") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that certain trades in shares in the capital stock of Nanogen (the "**Nanogen Common Shares**"), to be made in connection with a Share Dealing Service (as described below) shall not be subject to section 25 of the Act;

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

AND UPON the Applicants have represented to the Commission that:

1. SynX is a company incorporated under the *Business Corporations Act* (Ontario) (the "**OBCA**"). The common shares in the capital of SynX (the "**SynX Common Shares**") are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "**SYY**".

2. SynX's authorized share capital consists of an unlimited number of SynX Common Shares and an unlimited number of non-voting preference shares, issuable in series. As of February 9, 2004, the issued and outstanding share capital of SynX consisted of 10,267,389 SynX Common Shares and no preference shares. As of February 9, 2004, 1,958,168 options to purchase SynX Common Shares (the "**SynX Options**"), 1,725,000 warrants to purchase SynX Common Shares (the "**SynX Warrants**"), secured subordinated debentures (the "**SynX Debentures**") in the aggregate principal amount of $3,450,000 and no other securities of SynX were issued and outstanding.

3. Nanogen is a Delaware company based in California, the common stock of which is listed for trading on the Nasdaq National Market ("**Nasdaq**"), under the symbol "**NGEN**". Nanogen is currently subject to the *United States Securities Exchange Act of 1934*, as amended.

4. Nanogen's authorized share capital consists of 50,000,000 Nanogen Common Shares and 5,000,000 shares of convertible preferred stock. As of March 3, 2004, the issued and outstanding share capital of Nanogen consisted of 26,669,215 Nanogen Common Shares and no convertible preferred stock. In addition, there are 1,834,565 issued and outstanding warrants to purchase Nanogen Common Shares.

5. A plan of arrangement (the "**Arrangement**") involving SynX, Nanogen, all of the holders of SynX Common Shares, all of the holders of SynX Debentures, all of the holders of SynX Options and all of the holders of SynX Warrants will be effected pursuant to section 182 of the OBCA.

6. Under the Arrangement, each SynX Option will represent an option to purchase the number of Nanogen Common Shares determined by multiplying the number of SynX Common Shares subject to such SynX Option by an exchange ratio determined pursuant to the Arrangement (the "**Exchange Ratio**"), subject to rounding.

7. Under the Arrangement, each SynX Warrant will represent a warrant to purchase the number of Nanogen Common Shares determined by multiplying the number of SynX Common Shares subject to such SynX Warrant by the Exchange Ratio, subject to rounding.

8. Upon the Arrangement becoming effective, Nanogen will acquire each of the outstanding SynX Common Shares (except those held by dissenting shareholders) for approximately $1.45 in Nanogen Common Shares.

9. Upon the Arrangement becoming effective, Nanogen will acquire all of the outstanding SynX Debentures for that number of Nanogen Common Shares equal to the aggregate principal amount of SynX Debentures expressed in United States dollars divided by the average of the best bid price and best ask price of Nanogen Common Shares on the Nasdaq Stock Market at 10:00 am EST on the day the Transaction closes.

10. As of March 17, 2004, there were 14 registered holders of SynX Debentures (the "**SynX** Debentureholders"); 11 of which are resident in Ontario.

11. It is expected that certain of the SynX Debentureholders will use the services of The Seidler Companies Incorporated ("**Seidler**") in connection with the consideration that they will receive pursuant to the Arrangement (the "Share Dealing Service"). As such, Seidler's role may include:

    (a) opening and maintaining brokerage accounts on behalf of the SynX Debentureholders only with respect to the Nanogen Common Shares issued to the SynX Debentureholders pursuant to the Arrangement;

    (b) holding in such brokerage accounts the Nanogen Common Shares on behalf of the SynX Debentureholders; and

    (c) facilitating the resale of Nanogen Common Shares outside of Canada on the Nasdaq National Market, converting the sale proceeds from U.S. dollars to Canadian dollars, and distributing to the SynX Debentureholders proceeds of the resale of such Nanogen Common Shares.

12. The SynX Debentureholders' brokerage accounts with Seidler will be closed after the proceeds of resale have been distributed.

13. Based on information available to the Applicants at the time of this ruling, trades of Nanogen Common Shares by former SynX Debentureholders eligible to use the Share Dealing Service, will constitute approximately 7.923% of the average daily trading volume for Nanogen Common Shares on Nasdaq for the twenty trading day period ending on April 8, 2004.

14. Seidler is a corporation incorporated under the laws of Delaware, with its head office located at 5156 South Figueroa St., Suite 1100, Los Angeles, California. Seidler is an investment banking and financial services firm which is registered as a broker-dealer with the New York Stock Exchange, Inc. Seidler is not registered to trade securities in any capacity under the laws of any Canadian jurisdiction.

15. SynX Debentureholder accounts established in order to implement the Share Dealing Service will benefit from Securities Investor Protection Corporation coverage.

16. It is expected that the SynX Common Shares will be delisted from the TSX on or after the effective time of the Arrangement.

17. Nanogen will apply to Nasdaq to list the Nanogen Common Shares to be issued pursuant to the Arrangement and issuable upon exercise of the SynX Options and SynX Warrants.

18. In order for the SynX Debentureholders to receive substantially the same consideration upon purchase of the SynX Debentures pursuant to the Arrangement as they would have received upon redemption of the SynX Debentures pursuant to the Trust Indenture, the consideration for purchase of the SynX Debentures pursuant to the Arrangement is equal to the aggregate principal amount of SynX Debentures expressed in United States dollars divided by the average of the best bid price and best ask price of Nanogen Common Shares on the Nasdaq Stock Market at 10:00 am EST on the day the Transaction closes.

19. Seidler will facilitate the sale, in the United States, of the Nanogen Common Shares acquired pursuant to the Arrangement in connection with the SynX Debentures for certain of the SynX Debentureholders who intend to sell such Nanogen Common Shares as soon as practically possible on the Nasdaq National Market through the services of Seidler (the "Share Dealing Service").

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 section 25 of the Act does not apply to trades in Nanogen Common Shares made by Seidler on behalf of former SynX Debentureholders, made pursuant to the Share Dealing Service, provided that:

(a) at the time the Share Dealing Service is provided to a SynX Debentureholder, Seidler has received a representation that the SynX Debentureholder is an "accredited investor" as that term is defined in section 1.1 of Commission Rule 45-501; and

(b) Seidler conducts know your client and suitability reviews in accordance with the securities laws of the United States, the rules of the National Association of Securities Dealers and the rules of the New York Stock Exchange, for each SynX Debentureholder participating in the Share Dealing Service.

April 16, 2004.

"Paul M. Moore" "Susan Wolburgh Jenah"

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Chapter 4

Cease Trading Orders

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
Atlas Cold Storage Income Trust	02 Dec 03	15 Dec 03	15 Dec 03		

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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
16-Mar-2004	Canadian Medical Discoveries Fund	1595175 Ontario Inc. - Preferred Shares	2,786,377.72	7,361,751.00
29-Mar-2004	6 Purchasers	1595300 Ontario Inc. - Units	146,000.00	1,800,000.00
01-Apr-2004	11 Purchasers	574348 Alberta Ltd. - Common Shares	728,000.00	91.00
01-Apr-2004	9 Purchasers	ABC American -Value Fund - Units	1,500,000.00	164,980.00
01-Apr-2004	5 Purchasers	ABC Fully-Managed Fund - Units	1,010,955.54	99,850.00
01-Apr-2004	13 Purchasers	ABC Fundamental - Value Fund - Units	2,775,000.00	149,354.00
31-Mar-2004	25 Purchasers	Acuity Funds Ltd. - Notes	3,294,000.00	329,400.00
31-Mar-2004	25 Purchasers	Acuity Funds Ltd. - Notes	3,294,000.00	25.00
06-Apr-2004	David Shimono	Acuity Pooled Canadian Small Cap Fund - Trust Units	150,000.00	7,322.00
08-Apr-2004	Joan Mackie;Wendy Evelyn	Acuity Pooled Conservative Asset Allocation - Trust Units	300,000.00	19,953.00
07-Apr-2004	Harold Stahl	Acuity Pooled Fixed Income Fund - Trust Units	150,000.00	10,651.00
06-Apr-2004	5 Purchasers	Acuity Pooled High Income Fund - Trust Units	919,460.16	49,443.00
31-Jan-2003 17-Oct-2003	3 Purchasers	Addenda Bond Pooled Fund - Units	8,521,858.00	688,156.00
18-Apr-2003 21-Nov-2003	3 Purchasers	Addenda Corporate Bond Pooled Fund - Units	45,300,000.00	4,476,265.00
08-Apr-2004	16 Purchasers	Alamos Gold Inc. - Units	14,749,200.00	4,916,400.00

30-May-2003 29-Aug-2003	5 Purchasers	Ashmore Emerging Markets Liquid Investment Portfolio - Shares	5,554,369.00	1,029,539.00
30-Apr-2003	1397225 Ontario Ltd.	Ashmore Local Currency Debt Portfolio - Shares	25,000,000.00	1,460,442.00
10-Oct-2003 24-Dec-2003	61 Purchasers	BluMont Canadian Opportunities Fund - Units	1,793,731.01	13,435.00
17-Jan-2003	Veronika Hirsch	BluMont Gabelli Global Fund - Units	500.00	6.00
17-Jan-2003	Veronika Hirsch	BluMont Hirsch Long/Short Fund - Series F - Units	3,296.00	31.00
03-Jan-2003 24-Dec-2003	202 Purchasers	BluMont Hirsch Long/Short Fund - Units	6,574,015.37	59,196.00
10-Jan-2003	55 Purchasers	BluMont Hirsch Performance Fund - Units	2,178,417.82	133,601.00
03-Jan-2003 19-Dec-2003	80 Purchasers	BluMont Market Neutral Fund - Units	14,902,561.03	145,845.00
01-Apr-2004	Sprucegrove Investment	Bodycote International plc - Shares	11,523,370.00	4,737,254.00
31-Mar-2004	4 Purchasers	Butler Developments Corp. - Units	15,000.00	100,000.00
08-Apr-2004	54 Purchasers	Canada Dominion Resources Limited Partnership V - Common Shares	40,428,912.00	28,322,718.00
10-Mar-2004	47 Purchasers	Canada Dominion Resources Limited Partnership X - Common Shares	31,310,558.00	22,765,874.00
01-Apr-2004	CGX Energy Inc.	Canoro Resources Ltd. - Common Shares	114,306.00	115,000.00
15-Apr-2004	4 Purchasers	Capital Alliance Group Inc. - Units	81,600.00	136,000.00
25-Mar-2004	14 Purchasers	Champion Bear Resources Ltd. - Units	375,000.00	300,000.00
02-Mar-2004	Elliott & Page	China Oriental Group Company Limited - Shares	135,681.47	286,000.00
23-Jan-2004	Creststreet 2002 Limited Partnership	Creststreet Resource Fund Limited - Shares	36,608,911.00	2,311,896.00
07-Apr-2004	Kinross Gold Corporation	Cross Lake Minerals Ltd. - Common Shares	50,000.00	322,581.00
26-Mar-2004	4 Purchasers	CVD Diamond Corporation - Convertible Debentures	1,860,302.00	4.00
08-Apr-2004	Front Street Investment Management	Deer Creek Energy Limited - Common Shares	1,960,000.00	1,120,000.00

08-Apr-2004	Front Street Investment Management	Deer Creek Energy Limited - Common Shares	2,783,900.00	1,590,800.00
08-Apr-2004	Front Street Investment Management	Deer Creek Energy Limited - Special Warrants	1,820,000.00	1,040,000.00
31-Dec-2003	131 Purchasers	DeltaOne Energy Fund LP - Limited Partnership Units	703,884.11	703,884.00
30-Jan-2004	12 Purchasers	DeltaOne Northern Rivers Fund - Limited Partnership Units	214,384.57	214,385.00
31-Dec-2003	30 Purchasers	DeltaOne RSP Energy Fund - Limited Partnership Units	196,647.60	196,648.00
07-Apr-2004	42 Purchasers	Devine Entertainment Corporation - Units	493,000.00	4,930,000.00
28-Nov-2003	Jones Gable & Co. Ltd.	Diadem Resources Ltd. - Loans	290,000.00	1.00
01-Apr-2004	MTIT Advanced Technologies Corp	DynaMotive Energy Systems Corporation - Common Shares	582,853.00	750,000.00
23-Apr-2004	7 Purchasers	ECLIPS Inc. - Units	151,500.00	1,515,000.00
15-Apr-2004	56 Purchasers	Euston Capital Corp. - Common Shares	201,849.00	67,283.00
15-Apr-2004	8 Purchasers	Exchequer Financial Limited Partnership - Units	850,000.00	8,500.00
23-Mar-2004	63 Purchasers	FactorCorp. - Debentures	6,851,000.00	6,851,000.00
23-Mar-2004	62 Purchaser	FactorCorp. - Debentures	4,237,000.00	4,237,000.00
31-Mar-2004	The Manufacturers Life Insurance Company and Ontario Teachers' Pension Plan Board	Falls Management Company - Notes	24,000,000.00	24,000,000.00
14-Apr-2004	Credit Risk Advisors;Bank of Montreal	Ferrellgas Partners, L.P. - Notes	2,681,032.40	2.00
04-Mar-2004 25-Mar-2004	K.J. Harrison & Partners Inc Kenneth Lowell Simpson	Ferus Gas Industries Trust - Convertible Debentures	101,500.00	101,500.00
24-Feb-2004	Kenneth Simpson	Ferus Gas Industries Trust - Trust Units	500.00	500.00
30-Mar-2004	1607687 Ontario Limited	Friedman Fleischer & Lowe Capital Partners II, L.P. - Limited Partnership Interest	65,395,000.00	1.00
13-Apr-2003	Roland Lennox King	Fronteer Development Group Inc. - Units	55,000.00	50,000.00
29-Mar-2004	12 Purchasers	Gemhouse Inc. - Units	548,366.00	3,655,776.00
05-Apr-2004	Roytor & Co Global Securities Services	Genoil Inc. - Units	70,000.00	500,000.00
31-Mar-2004	4 Purchasers	Gladiator Limited Partnership - Limited Partnership Interest	750,000.00	4.00

01-Apr-2004	Perimeter Institute for Theoretical Physics	Goldman Sachs Global Equity Long/Short plc - Shares	3,000,000.00	30,000.00
01-Apr-2004	Ontario Teachers' Pension Plan Board	Graham Global Investment Fund II Ltd. - Shares	7,000,000.00	36,058.00
15-Mar-2004	The Joseph Robertson Family Trust	Henry Schein, Inc. - Common Shares	0.00	150,325.00
15-Mar-2004	The Anita Robertson Family Trust	Henry Schein, Inc. - Common Shares	0.00	150,325.00
15-Mar-2004	Carman Adair	Henry Schein, Inc. - Common Shares	0.00	18,206.00
15-Mar-2004	Lorranine Adair	Henry Schein, Inc. - Common Shares	0.00	9,557.00
07-Apr-2004	Mutual Beacon Fund (Canada) Mutual Discovery Fund (Canada)	Hollinger Inc. - Subscription Receipts	1,228,500.00	117,000.00
02-Apr-2004	9 Purchasers	Homeland Security Technology Corporation (HSTC) - Stock Option	348,738.00	263,000.00
13-Apr-2004	Trilon Bancorp Inc.	Homeservice Technologies Inc. - Debentures	5,500,000.00	2.00
01-Apr-2004	Kensington Fund of Funds;L.P.	Imperial Capital Acquisition Fund III - Limited Partnership Units	65,000.00	65,000.00
01-Apr-2004	Canadian Medical Protective Association	Imperial Capital Acquisition Fund III - Limited Partnership Units	110,000.00	110,000.00
07-Apr-2004	9 Purchasers	IMAGIN Diagnostics, Inc. - Common Shares	130,500.00	130,500.00
01-Jan-2003 31-Dec-2003	581 Purchasers	Integra Diversified Fund - Units	103,549,639.52	4,175,249.00
07-Apr-2004	11 Purchasers	JNR Resources Inc. - Shares	2,000,000.00	4,000,000.00
15-Apr-2004	Luciano and Helen Forti	KBSH Enhanced Income Fund - Units	10.12	24,704.00
31-Mar-2004	11 Purchasers	Kingwest Avenue Portfolio - Units	227,200.00	10,632.00
31-Mar-2004	Elan Pratzer	Kingwest U.S. Equity Portfolio - Units	150,000.00	13,276.00
31-Mar-2004	Lancaster Balanced Fund II	Lancaster Canadian Equity Fund - Trust Units	1,767,479.39	118,025.00
01-Apr-2004	Covington Fund II Inc. Longitude Fund Limited Partnership	Marketrend Holdings Inc. - Convertible Debentures	5,000,000.00	2.00
19-Apr-2004	Nelson Gutta	Microsource Online, Inc. - Common Shares	12,000.00	2,000.00

19-Apr-2004	Jan Pilat	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
14-Apr-2004	Deborah Haight	Microsource Online, Inc. - Common Shares	15,000.00	2,500.00
14-Apr-2004	Thomas C. Hodgins	Microsource Online, Inc. - Common Shares	22,500.00	3,750.00
15-Apr-2004	Credit Risk Advisors	Midwest Generation - Notes	2,686,000.00	1.00
05-Apr-2004	The VenGrowth II	Nakina Systems Inc. - Debentures	1,500,001.00	2.00
12-Apr-2004	Ross & Nancy Hyler	New Solutions Financial (II) Corporation - Debentures	200,000.00	1.00
01-Jan-2003 01-Dec-2003	30 Purchasers	Northern Rivers General Partners Ltd. - Limited Partnership Units	2,794,529.00	1,640.00
01-Mar-2004 01-Mar-2004	Market Neutral	Numeric Japanese Fundamental Statistical - Common Shares	6,640,000.00	5,000.00
16-Apr-2004	3 Purchasers	O'Donnell Emerging Companies Fund - Units	328,484.00	416,653.00
25-Nov-2003	3 Purchasers	Onex Partners LP - Limited Partnership Interest	336,205,000.00	3.00
16-Mar-2004	Canadian Medical Discoveries Inc.	Painceptor Pharma Corporation - Shares	2.00	7,361,751.00
20-Apr-2004	Credit Risk Advisors	Premcor Refining Group Inc. (The) - Notes	2,035,050.00	2.00
31-Mar-2004	4 Purchasers	Quorum Information Technologies Inc. - Common Shares	147,100.00	245,168.00
18-Mar-2004	29 Purchasers	Ressources Plexmar Inc. - Units	845,000.00	211,250.00
30-Mar-2004	Ken Curtis	Rifco Inc. - Common Shares	25,000.00	50,000.00
31-Mar-2004	3 Purchasers	Seaway Networks (Delaware) Incorporated - Stock Option	1,498,016.00	3,055,308.00
24-Mar-2004	New Paradigm Partners;Ltd.	Serveron Corporation - Shares	100,000.00	4,503,287.00
07-Apr-2004	Canada Pension Plan Investment Board	Silver Lake Partners II, L.P - Limited Partnership Interest	134,720,000.00	1.00
23-Dec-2003	3 Purchasers	Sussex Division - Debentures	4,632,091.83	3.00
31-Mar-2004	Bryan E.W. Gransden	Sydney Resource Corporation - Units	50,000.00	100,000.00
01-Apr-2004	Valley Vista Investments Inc.;Ronald & Nancy Webb;Performance Market Neutral Fund	The Alpha Fund - Limited Partnership Units	600,000.00	4.00
23-Mar-2004	18 Purchasers	The Jenex Corporation - Units	797,477.00	4,303,553.00

05-Apr-2004	Jonathan Schutt	Triacta Power Technologies Inc. - Common Shares	10,000.00	40,000.00
06-Apr-2004	Celtic House Venture Partners Fund IIA;L.P.;Ontario Teachers' Pension Plan Board	Tropic Networks. Inc. - Debentures	4,767,204.13	2.00
08-Apr-2004	Sprott Asset Management Inc.	UEX Corporation - Common Shares	3,000,000.00	6,000,000.00
31-Mar-2004	Bank of Montreal (CN);Credit Risk Advisors	US Concrete Inc. - Notes	1,310,500.00	2.00
08-Apr-2004	Countryside Canada Power Inc.	US Energy Biogas Corporation - Notes	107,000,000.00	1.00
20-Jan-2004	Daniel Fantin	Venstar Hospitality Barrie Limited Partnership - Units	30,000.00	3.00
31-Mar-2004	Valley Vista Investments;Chitra Ramani	Vertex Balanced Fund - Trust Units	262,279.23	25,399.00
31-Mar-2004	9 Purchesers	Vertex Fund - Trust Units	955,948.82	46,845.00
06-Apr-2004	Toronto Dominion Bank	VICORP Restaurants, Inc. - Notes	980,791,000.00	1.00
18-Mar-2004	8 Purchasers	Volcanic Metals Exploration Inc. - Common Shares	398,375.00	2,153,383.00
26-Mar-2004	Global Holdings Inc.	WNS Emergent Inc. - Convertible Debentures	300,000.00	300,000.00
07-Apr-2004	3 Purchasers	Yangarra Resources Inc. - Shares	1,013,550.00	699,000.00

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
Larry Melnick	Champion Natural Health.com Inc. - Shares	40,525.00
Exploration Capital Partners 2000	General Minerals Corporation - Common Shares	827,000.00
Kalimantan Investment Corporation	Kalimantan Gold Corporation Limited - Common Shares	1,870,333.00
Paros Enterprises Limited	Morguard Corporation - Common Shares	2,000,000.00
Targa Group Inc.	Plaintree Systems Inc. - Common Shares	27,910,760.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Academy Capital Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated April 26, 2004
Mutual Reliance Review System Receipt dated April 26, 2004
Offering Price and Description:
Minimum Offering: $350,000 or 2,333,333 Common Shares
Maximum Offering: $1,500,000 or 10,000,000 Common Shares
Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
Research Capital Corporation
Promoter(s):
-
Project #634799

Issuer Name:
British Columbia Ferry Services Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated April 21, 2004
Mutual Reliance Review System Receipt dated April 22, 2004
Offering Price and Description:
$ * - * % Senior Secured Bonds, Series 04-1, due * , 2014
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Promoter(s):
-
Project #633593

Issuer Name:
Calloway Real Estate Investment Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated April 22, 2004
Mutual Reliance Review System Receipt dated April 22, 2004
Offering Price and Description:
$55,000,000.00 - 6.00% Convertible Unsecured Subordinated Debentures $100,500,000
6,700,000 Units at a Price of $15.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
TD Securities Inc.
RBC Dominion Securities Inc.
Desjardins Securities Inc.
Scotia Capital Inc.
Canaccord Capital Corporation
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #633867

Issuer Name:
Disciplined Leadership High Income Fund
Disciplined Leadership U.S. Equity Fund
Disciplined Leadership Canadian Equity Fund
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary dated April 23, 2004
Mutual Reliance Review System Receipt dated April 26, 2004
Offering Price and Description:
Series A, F, and O Units
Underwriter(s) or Distributor(s):
--
Promoter(s):
Rockwater Asset Management Inc.
Project #599115

Issuer Name:
Envoy Communications Group Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated April 23, 2004
Mutual Reliance Review System Receipt dated April 23, 2004
Offering Price and Description:
$15,015,000.00 - 14,300,000 Units Price: $1.05 per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #634298

Issuer Name:
Evolving Gold Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated April 21, 2004
Mutual Reliance Review System Receipt dated April 21, 2004
Offering Price and Description:
6,150,000 COMMON SHARES ISSUABLE UPON THE EXERCISE
OF 6,150,000 PREVIOUSLY ISSUED SPECIAL WARRANTS
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #633304

Issuer Name:
Franklin Templeton Maximum Growth Tax Class
Franklin Templeton Global Growth Tax Class
Franklin Templeton Growth Tax Class
Franklin Templeton Balanced Growth Tax Class
Franklin Templeton Balanced Income Tax Class
Franklin Templeton Diversified Income Tax Class
Templeton China Tax Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated April 19, 2004
Mutual Reliance Review System Receipt dated April 21, 2004
Offering Price and Description:
Series A, F, I and O Shares
Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.
Franklin Templeton Investments Corp.
Bissett Investment Management, a division of Franklin Templeton Investments Corp.
Franklin Templeton Investmetns Corp.
Promoter(s):
-
Project #633130

Issuer Name:
Guinor Gold Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated April 26, 2004
Mutual Reliance Review System Receipt dated April 26, 2004
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Haywood Securities Inc.
Promoter(s):
-
Project #634634

Issuer Name:
Imperial Oil Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated April 22, 2004
Mutual Reliance Review System Receipt dated April 22, 2004
Offering Price and Description:
$1,000,000,000.00 - Medium Term Notes(Unsecured)
Underwriter(s) or Distributor(s):
TD Securities Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #633914

Issuer Name:
Keystone Maximum Growth Portfolio Fund
Keystone Growth Portfolio Fund
Keystone Balanced Growth Portfolio Fund
Keystone Balanced Portfolio Fund
Keystone Conservative Portfolio Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated April 22, 2004
Mutual Reliance Review System Receipt dated April 23, 2004
Offering Price and Description:
Series A, D, F and I Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mackenzie Financial Corporation
Project #633928

Issuer Name:
Northbridge Financial Corporation
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Prospectus dated April 21, 2004
Mutual Reliance Review System Receipt dated April 22, 2004
Offering Price and Description:
$153,600,000.00 - 6,000,000 Common Shares Price: $25.60 per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
GMP Securities Ltd.
Sprott Securities Inc.
Promoter(s):
Fairfax Financial Holdings Limited
Project #632556

Issuer Name:
Pan African Mining Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated April 22, 2004
Mutual Reliance Review System Receipt dated April 23, 2004
Offering Price and Description:
$5,000,000 - 5,000,000 Shares Price: $1.00 per Share
Underwriter(s) or Distributor(s):
Bolder Investment Partners, Ltd.
Haywood Securities Inc.
Promoter(s):
Irwin Olian
Project #634498

Issuer Name:
UTS Energy Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated April 26, 2004
Mutual Reliance Review System Receipt dated April 27, 2004
Offering Price and Description:
$ * - * Subscription Receipts each representing the right to receive one Common Share
Price: $ * per Subscription Receipt
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Promoter(s):
-
Project #635230

Issuer Name:
ACCUMULUS NORTH AMERICAN INDEX MOMENTUM RSP FUND
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated April 13, 2004
Mutual Reliance Review System Receipt dated April 23, 2004
Offering Price and Description:
Series A and Series I Units
Underwriter(s) or Distributor(s):
McFarlane Gordon Inc.
Accumulus Management Ltd.
Promoter(s):
Accumulus Management Ltd.
Project #619036

Issuer Name:
Altamira Monthly Income Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated April 21, 2004
Mutual Reliance Review System Receipt dated April 23, 2004
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Altamira Financial Services Ltd.
Altamira Financial Services Ltd.
Promoter(s):
-
Project #622036

Issuer Name:
Big Red Diamond Corporation
Principal Regulator - Quebec
Type and Date:
Final Long Form Prospectus dated January 30, 2004
Mutual Reliance Review System Receipt dated April 4, 2004
Offering Price and Description:
Minimum Offering: $1,120,000 through the issuance of a minimum of 800,000 Treasury Units ($560,000) and a minimum of 800,000 Flow-Through Units ($560,000)
Maximum Offering: $3,150,000 through the issuance of a maximum of 2,250,000 Treasury Units ($1,575,000) and a maximum of 2,250,000 Flow-Through Units ($1,575,000)
Price: $0.70 per Treasury Unit and $0.70 per Flow-Through Unit (the "Offered Securities") And 672,000 Common Shares and 336,000 Common Share Purchase Warrants issuable upon the exercise of 168 previously issued Special Warrants; And 1,539,000 Flow-Through Common Shares and 769,500 Flow-Through Common Share Purchase Warrants issuable upon the exercise of 513 previous issued Flow-Through Special Warrants
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
Brian Polk
Kevin Scott Cool
Project #597317

Issuer Name:
Biopotential Capital Inc.
Principal Regulator - Alberta
Type and Date:
Final CPC Prospectus dated April 21, 2004
Mutual Reliance Review System Receipt dated April 26, 2004
Offering Price and Description:
$1,890,000.00 - OFFERING OF: 5,400,000 Common Shares PRICE: $0.35 per Common Share
Underwriter(s) or Distributor(s):
Research Capital Corporation
Promoter(s):
James W. Beckerleg
Project #615852

Issuer Name:
Brookfield Properties Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated April 23, 2004
Mutual Reliance Review System Receipt dated April 23, 2004
Offering Price and Description:
$200,000,000.00 - 8,000,000 Class AAA Preference Shares, Series J Price $25.00 per Series J Preference Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Raymond James Ltd.
Trilon Securities Corporation
Promoter(s):
-
Project #630273

Issuer Name:
CANADIAN SCHOLARSHIP TRUST INDIVIDUAL SAVINGS PLAN
CANADIAN SCHOLARSHIP TRUST FAMILY SAVINGS PLAN
CANADIAN SCHOLARSHIP TRUST GROUP SAVINGS PLAN
Principal Regulator - Ontario
Type and Date:
Final Prospectuses dated April 27, 2004
Mutual Reliance Review System Receipt dated April 27, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #616659, 616676,616696

Issuer Name:
Capital International - Global Equity
Capital International - International Equity
Capital International - U.S. Equity
Capital International - Global Small Cap
Capital International - Global Discovery
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated April 19, 2004 to Final Simplified Prospectuses and Annual Information Forms dated October 28, 2003
Mutual Reliance Review System Receipt dated April 22, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Capital International Asset Management (Canada), Inc.
Project #577324

Issuer Name:
Creststreet 2004 Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated April 23, 2004
Mutual Reliance Review System Receipt dated April 26, 2004
Offering Price and Description:
Maximum Offering: 7,500,000 Limited Partnership Units @ $10 Per Unit = $75,000,000
Minimum Offering: 500,000 Limited Partnership Units @ $10 Per Unit = $ 5,000,000
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
GMP Securities Ltd.
Peters & Co. Limited
Tristone Capital Inc.
Promoter(s):
Creststreet 2004 General Partner Limited
Creststreet Asset Management
Project #623475

Issuer Name:
Fairfax Financial Holdings Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated April 20, 2004
Mutual Reliance Review System Receipt dated April 21, 2004
Offering Price and Description:
US$750,000,000.00 - Subordinate Voting Shares Preferred Shares Debt Securities Warrants Share Purchase Contracts Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #630443

Issuer Name:
ING Canadian Dividend Income Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated April 22, 2004
Mutual Reliance Review System Receipt dated April 23, 2004
Offering Price and Description:
Investor Class Units, Exclusive Class Units and Institutional Class Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
ING Investment Management Inc.
Project #620596

Issuer Name:
Maklyn Venture Capital Corp.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated April 23, 2004
Mutual Reliance Review System Receipt dated April 27, 2004
Offering Price and Description:
$1,000,000.00 - 4,000,000 common shares Price: $0.25 per common share
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Raymond James Ltd.
Promoter(s):
Howard G. Sutton
Project #620166

Issuer Name:
North American Palladium Ltd.
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated April 21, 2004
Mutual Reliance Review System Receipt dated April 22, 2004
Offering Price and Description:
$100,000,000.00 - Common Shares Special Shares Warrants Stock Purchase Contracts Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #628719

Issuer Name:
RBC Canadian Money Market Fund
RBC Canadian Short-Term Income Fund
RBC Bond Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated April 14, 2004 to Final Simplified Prospectuses and Annual Information Forms dated January 9, 2004
Mutual Reliance Review System Receipt dated April 21, 2004
Offering Price and Description:
Advisor Series Units @ Net Asset Value per Unit
Underwriter(s) or Distributor(s):
RBC Asset Management Inc.
Promoter(s):
The Royal Trust Company
Project #595885

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Category	Ada Investments Inc.	From: Limited Market Dealer To: Commodity Trading Manager	April 26, 2004
New Registration	Aberdeen Gould Inc.	Limited Market Dealer	April 20, 2004
New Registration	Lazard Asset Management Securities LLC	International Dealer	April 26, 2004
Amalgamation	Fidelity Investments Canada Inc. and Fidelity Intermediary Services Company Limited and Fidelity Intermediary Securities Company Limited	To Form: Fidelity Investments Canada Inc.	December 31, 2003

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 Amendments to the Definition of "Floating Margin Rate" Set out in IDA Regulation 100.9(a)(x)

INVESTMENT DEALERS ASSOCIATION OF CANADA – AMENDMENTS TO THE DEFINITION OF "FLOATING MARGIN RATE" SET OUT IN REGULATION 100.9(a)(x)

I Overview

A Current Rules

In order to more accurately address the risk associated with Member firm and customer positions in exchange-traded index products, a proposal to set a variable or "floating margin rate" was approved by the Board of Directors in June 2003 (as part of wide-sweeping proposals to amend Regulations 100.9 and 100.10). The definition of the term "floating margin rate" set out in Regulation 100.9(a)(x) details the calculation methodology to be followed in calculating the rate (based on measured price risk and liquidity risk indicators) and when rate changes must take place. Included in the calculation methodology set out in the current definition is a 0.50% rate cushion which was designed to limit the number of margin rate changes and in turn limit the operational burden on Member firms.

B The Issue

The Bourse de Montreal currently uses this "floating margin rate" methodology to determine on a monthly basis the margin rates that apply to their index-based derivative products. Their experience has indicated that there are no significant impacts associated with resetting the margin rates applied to index products on a monthly basis. Therefore, the 0.50% rate cushion included in the current calculation methodology for the "floating margin rate" is no longer necessary.

C Objective

The primary objective of the proposed amendments attached is to eliminate the 0.50% rate cushion included in the current calculation methodology for the "floating margin rate". A secondary objective is to correct a minor drafting error to ensure that both upward and downward margin rate changes are made on a regular basis under the calculation methodology used for the "floating margin rate".

D Effect of Proposed Rules

The proposed amendments eliminate the 0.50% rate cushion included in the current calculation methodology for the "floating margin rate". It is believed these amendments will have no impacts in terms of capital market structure, member versus non-member level playing field, competition generally, costs of compliance and conformity with other rules.

II Detailed Analysis

A Present Rules, Relevant History and Proposed Policy

The current definition of "floating margin rate", its relevant history and the proposed amendments to the definition have already been adequately addressed above. As these proposed amendments are relatively minor, a detailed discussion of the proposed amendments was considered unnecessary.

B Issues and Alternatives Considered

No alternatives have been considered.

C Comparison with Similar Provisions

A comparable term to "floating margin rate" is not formally set out in the regulatory requirements in effect in either the United Kingdom or the United States. The "floating margin rate" methodology uses the same margin rate calculation approach as is used by the majority of derivatives clearing corporations around the world when they collect settlement risk margin. The proposed amendments would make consistent the Association's "floating margin rate" methodology with that the Bourse de Montreal proposes to use.

D Systems Impact of Rule

It is not believed there is any system impact on Members or the public by implementing the proposed rule. The Bourse de Montreal is also in the process of passing this amendment. Implementation of this amendment will therefore take place once both the Association and the Bourse de Montreal have received approval to do so from their respective recognizing regulators.

E Best Interests of the Capital Markets

The Board has determined that the public interest Rule is not detrimental to the best interests of the capital markets.

F Public Interest Objective

According to subparagraph 14(c) of the IDA's Order of Recognition as a self regulatory organization, the Association shall, where requested, provide in respect of a proposed rule change "a concise statement of its nature, purposes (having regard to paragraph 13 above) and

effects, including possible effects on market structure and competition". Statements have been made elsewhere as to the nature and effects of the proposal. The purposes of the proposal are to:

- facilitate an efficient capital-raising process and to facilitate transparent, efficient and fair secondary market trading and the availability to members and investors of information with respect to offers and quotations for and transactions in securities, and efficient clearance and settlement procedures; (by removing a 0.50% cushion percentage currently included in the margin rates calculated for exchange traded index products); and

- standardize industry practices where necessary or desirable for investor protection; (by conforming the method for calculating an exchange traded index product's margin rate with that the Bourse de Montreal proposes to use)

The proposal does not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes.

III Commentary

A Filing in other Jurisdictions

This proposed amendment will be filed for approval in Alberta, British Columbia and Ontario and will be filed for information in Nova Scotia and Saskatchewan.

B Effectiveness

An assessment of the effectiveness of this amendment in addressing the issues raised is discussed above.

C Process

This proposed amendment was developed and recommended for approval by the FAS Capital Formula Subcommittee and recommended for approval by the FAS Executive Committee and the Financial Administrators Section.

IV Sources

Proposed IDA Regulation 100.9(a)(x)
Proposed Bourse de Montreal Article 9001(e)

V OSC Requirement to Publish for Comment

The IDA is required to publish for comment the accompanying amendments to the definition of floating margin rate included in Regulation 100.9(a)(x).

The Association has determined that the entry into force of the proposed amendments would be in the public interest. Comments are sought on these proposed amendments. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Jane Tan, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Jane Tan
Information Analyst, Regulatory Policy,
Investment Dealers Association of Canada
Suite 1600, 121 King West
Toronto, Ontario
M5H 3T9
Tel: 416-943-6979
E-mail: jtan@ida.ca

INVESTMENT DEALERS ASSOCIATION OF CANADA

Amendments to the definition of "floating margin rate" set out in regulation 100.9(a)(x)

Board Resolution

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. Regulation 100.9(a)(x) is amended by deleting the following words at the end of subparagraph 100.9(a)(x)(A):

   ", where a reset results in a lower margin rate"

2. Regulation 100.9(a)(x) is amended by deleting the following words that relate to the term regulatory margin interval:

   "the sum of: (C):"

   and

   "and (D) 0.50% (representing a cushion);"

   and by renumbering the remaining subparagraphs.

PASSED AND ENACTED BY THE Board of Directors this 14th day of April 2004, to be effective on a date to be determined by Association staff.

INVESTMENT DEALERS ASSOCIATION OF CANADA

Amendments to the definition of "floating margin rate" set out in regulation 100.9(a)(x)

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(x) the term "floating margin rate" means:

   (A) the last calculated regulatory margin interval, effective for the regular reset period or until a violation occurs, such rate to be reset on the regular reset date, to the calculated regulatory margin interval determined at that date; or

   (B) where a violation has occurred, the last calculated regulatory margin interval determined at the date of the violation, effective for a minimum of twenty trading days, such rate to be reset at the close of the twentieth trading day, to the calculated regulatory margin interval determined at that date, where a reset results in a lower margin rate.

For the purposes of this definition, the term "regular reset date" is the date subsequent to the last reset date where the maximum number of trading days in the regular reset period has passed.

For the purposes of this definition, the term "regular reset period" is the normal period between margin rate resets. This period shall be determined by the Canadian self regulatory organizations with member regulation responsibilities and shall be no longer than 60 trading days.

For the purposes of this definition, the term "regulatory margin interval", when calculated, means the product of:

(C) the maximum standard deviation of percentage changes in daily closing prices over the most recent 20, 90 and 260 trading days; and

(D) 3 (for a 99% confidence interval); and

(E) the square root of 2 (for two days coverage);

rounded up to the next quarter percent.

For the purposes of this definition, the term "violation" means the circumstance where the maximum 1 or 2 day percentage change in the daily closing prices is greater than the margin rate.

INVESTMENT DEALERS ASSOCIATION OF CANADA

Amendments to the definition of "floating margin rate" set out in regulation 100.9(a)(x)

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(x) the term "floating margin rate" means:

(A) the last calculated regulatory margin interval, effective for the regular reset period or until a violation occurs, such rate to be reset on the regular reset date, to the calculated regulatory margin interval determined at that date~~, where a reset results in a lower margin rate~~; or

(B) where a violation has occurred, the last calculated regulatory margin interval determined at the date of the violation, effective for a minimum of twenty trading days, such rate to be reset at the close of the twentieth trading day, to the calculated regulatory margin interval determined at that date, where a reset results in a lower margin rate.

For the purposes of this definition, the term "regular reset date" is the date subsequent to the last reset date where the maximum number of trading days in the regular reset period has passed.

For the purposes of this definition, the term "regular reset period" is the normal period between margin rate resets. This period shall be determined by the Canadian self regulatory organizations with member regulation responsibilities and shall be no longer than 60 trading days.

For the purposes of this definition, the term "regulatory margin interval", when calculated, means ~~the sum of:~~

~~(C)~~ the product of:

~~(I)~~(C) the maximum standard deviation of percentage changes in daily closing prices over the most recent 20, 90 and 260 trading days; and

~~(II)~~(D) 3 (for a 99% confidence interval); and

~~(III)~~(E) the square root of 2 (for two days coverage);

~~and~~

~~(D) 0.50% (representing a cushion);~~

rounded up to the next quarter percent.

For the purposes of this definition, the term "violation" means the circumstance where the maximum 1 or 2 day percentage change in the daily closing prices is greater than the margin rate.

13.1.2 RS Market Integrity Notice – Request for Comments – Practice and Procedure

April 30, 2004 No. 2004-013

REQUEST FOR COMMENTS

PRACTICE AND PROCEDURE

Summary

The Board of Directors of Market Regulation Services Inc. ("RS") has approved a series of amendments to the Policies to the Universal Market Integrity Rules ("UMIR") respecting the practice and procedure to be followed in a disciplinary proceeding. These amendments are generally of an administrative, editorial or technical nature.

Rule-Making Process

RS has been recognized as a self-regulatory organization by the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission, Ontario Securities Commission and in Quebec by the Autorité des marchés financiers (the "Recognizing Regulators") and, as such, is authorized to be a regulation services provider for the purposes of the National Instrument 21-101 ("Marketplace Operation Instrument") and National Instrument 23-101 ("Trading Rules").

As a regulation services provider, RS will administer and enforce trading rules for the marketplaces that retain the services of RS. RS has adopted, and the Recognizing Regulators have approved, UMIR as the integrity trading rules that will apply in any marketplace that retains RS as its regulation services provider. Presently, RS has been retained to be the regulation services provider for: the Toronto Stock Exchange ("TSX") and TSX Venture Exchange ("TSX VN"), as recognized exchanges ("Exchanges"); for Bloomberg Tradebook Canada Company ("Bloomberg"), as an alternative trading system ("ATS"); and Canadian Trading and Quotation System ("CNQ") as a recognized quotation and trade reporting system ("QTRS").

The Rules Advisory Committee of RS ("RAC") reviewed the proposed amendments related to the practice and procedure in disciplinary proceedings and recommended their adoption by the Board of Directors. RAC is an advisory committee comprised of representatives of each of: the marketplaces for which RS acts as a regulation services provider; Participants; institutional investors and subscribers; and the legal and compliance community.

The amendments to the Policies will be effective upon approval of the changes by the Recognizing Regulators following public notice and comment. Comments on the proposed amendments should be in writing and delivered by **May 31, 2004** to:

James E. Twiss,
Senior Counsel,
Market Policy and General Counsel,
Market Regulation Services Inc.,
Suite 900,
P.O. Box 939,
145 King Street West,
Toronto, Ontario. M5H 1J8

Fax: 416.646.7265
e-mail: james.twiss@rs.ca

A copy should also be provided to Recognizing Regulators by forwarding a copy to:

Cindy Petlock
Manager, Market Regulation
Capital Markets Branch
Ontario Securities Commission
Suite 1903, Box 55,
20 Queen Street West
Toronto, Ontario. M5H 3S8

Fax: (416) 595-8940
e-mail: cpetlock@osc.gov.on.ca

Background to the Proposed Amendments

Prior to the recognition of RS as a regulation services provider and the adoption of UMIR, each Exchange maintained its own disciplinary rules and established the practice and procedure by which disciplinary hearings were conducted. In the case of the TSX, the practice and procedure were subject to the provisions of the *Statutory Powers Procedures Act* (Ontario). In the case of the TSX VN, the disciplinary practice and procedure was established by the rules and policies of the TSX VN as an Exchange. As CNQ adopted UMIR as part of its recognition as a QTRS, CNQ has not had any practice or procedure related to disciplinary matters for users. As an ATS, Bloomberg is not entitled under the Marketplace Operation Instrument or the Trade Rules to have provisions related to the discipline of subscribers.

As the Hearing Panels formed to conduct hearings for the purposes of UMIR are not subject to the *Statutory Powers Procedures Act* and as the practice and procedures which are adopted are applicable in each of the jurisdictions in which RS is recognized as a regulation services provider and for each marketplace for which RS has been retained as the regulation services provider, it has become desirable to clarify the application of a number of the provisions relating to practice and procedure. These amendments are generally of an administrative, editorial or technical nature. Each of the amendments and the rationale for the amendment is summarized in the following section.

Summary of the Proposed Amendments

Policy 10.8 of UMIR sets out the practice and procedure to be followed in connection with enforcement proceedings. Overall, the amendments propose changes to eight of the sections of Policy 10.8. The changes to each of the sections are summarized as follows:

1. Section 1.1 – Definitions

Under Policy 10.8, the Secretary has a number of obligations including:

(a) the selection of the members of Hearing Panels from the members of the Hearing Committee (the members of the Hearing Committee having been nominated by the marketplaces and appointed by the independent members of the Board of Directors of RS);

(b) receipt of requests to have hearing conducted in the French language;

(c) receipt of documents required to be filed with the Hearing Panels pursuant to the Policy;

(d) receipt of material filed with the Hearing Panels relating to a Notice of Motion; and

(e) providing notice of pre-hearing conferences to the parties and to other persons as directed by the Hearing Panels.

In addition to the duties specifically enumerated in Policy 10.8, the Secretary conducts a variety of administrative tasks on behalf of Hearing Panels including the co-ordination of the delivery of notices, providing for communications with parties on behalf of Hearing Panels and other similar tasks.

Presently, the term “Secretary” is defined as “the Secretary of the Market Regulator or other officer or employee of the Market Regulator designated by the Board to perform the functions of the Secretary for the purposes of this Policy”. The present wording requires that the Secretary carry out a variety of tasks, many of which are administrative in nature. The change in the definition would allow the Secretary to delegate certain responsibilities of the Secretary to RS staff. This change will provide operational efficiency, allowing for the delegation of tasks by the Secretary to appropriate administrative or other personnel. The amendment would permit an officer or employee designated in writing from time to time by the Secretary to perform such of the functions of the Secretary for the purposes of Policy 10.8 pursuant to the UMIR as may be specified in the designation by the Secretary.

2. Section 3.2 – Contents of Offer of Settlement

The current section specifies that an Offer of Settlement must contain, among other items, a specification of the penalties or remedies to be imposed by the Market Regulator pursuant to Rule 10.4 and the assessment of any expenses to be made pursuant to Rule 10.5. These cross-references do not refer to correct rules in the version of UMIR that was approved by the Recognizing Regulators on the recognition of RS as a self-regulatory organization. The amendment would make an editorial correction by referring to “Rule 10.5” and “Rule 10.7” respectively.

3. Section 4.2 – Contents of Notice of Hearing

In the ordinary course, a person subject to a disciplinary hearing is entitled to an oral hearing before a Hearing Panel. If the Market Regulator proposes to hold a hearing as an electronic hearing or a written hearing, the Notice of Hearing must contain a statement indicating that the party notified may object to the hearing being held as an electronic or a written hearing and setting out the procedure to be followed to pursue the objection. The amendment merely clarifies that a Notice of Hearing does not need to contain a statement regarding an objection to the form of the hearing if the hearing will be an oral hearing.

4. Section 8.1 – Requirement to Disclose

Section 8.1 provides that each party shall, as soon as practicable after service of the Notice of Hearing, and in any case no later than 10 days before the commencement of the hearing:

- deliver to every other party copies of all documents that the party intends to refer to or tender as evidence at the hearing; and
- make available for inspection by every other party anything other than a document that the party intends to refer to or tender as evidence at the hearing.

The section was intended to ensure that, with respect to anything that would be referred to or tendered as evidence at a hearing, all parties received a copy of all documents and had the opportunity to inspect anything which was not a document. The amendment clarifies this interpretation and ensures that no party is required to allow inspection by any other party of anything which will not be referred to or tendered as evidence at the hearing.

5. Section 9.4 – Failure to Reply, Attend or Participate

The amendment would clarify that a Hearing Panel may accept the facts alleged or the conclusions drawn by the Market Regulator as set out in a Statement of Allegations if the person against whom the Statement of Allegations is delivered fails to respond or appear. Presently, the provision provides that the Hearing Panel may accept such facts "if permitted by law". As RS is not subject to the *Statutory Powers Procedures Act* (Ontario) or comparable legislation in other jurisdictions which would permit a tribunal to rely on the facts, the provision should explicitly provide that a Hearing Panel may rely on the facts unless otherwise precluded by law.

The amendment to section 9.4 also corrects a minor drafting problem by deleting the term "defendant" from a heading. The term "defendant" is not used in UMIR.

6. Section 9.7 – Public Access to Hearing

Section 9.7 provides for "public access" to hearings conducted by RS before a Hearing Panel. In the case of an oral hearing, the hearing shall be open to the public. The public is given reasonable access to documents submitted for a written hearing at the office of RS during ordinary business hours. In the case of an electronic hearing, the public shall have reasonable access to the proceedings. Unless otherwise provided by the Hearing Panel or the terms of a specific Rule or Policy, the public will have access to a hearing that will consider:

- approval or rejection of a Settlement Agreement entered into between RS and any person with respect to a violation of UMIR;
- a disciplinary matter undertaken pursuant to a Notice of Hearing issued by RS as against any person alleged not to have complied with a requirement of UMIR; and
- any procedural applications or motions in relation to a disciplinary proceeding.

Public access to a hearing may be denied if:

- a specific Rule or Policy provides that a hearing be conducted in the absence of the pubic;
- the Hearing Panel determines that the exclusion of the public from an oral or electronic hearing is necessary for the maintenance of order at the hearing; or
- the Hearing Panel determines that intimate financial or personal matters may be disclosed at the hearing and that the desirability of avoiding disclosure of such personal matters outweighs the desirability of public access to the hearing.

For a hearing in Quebec, the Hearing Panel, on its own initiative or at the request of a party, may order the hearing be held in camera or ban the publication or release of any information or documents it indicates in the interest of morality or public order.

If a Hearing Panel determines that a settlement hearing may be conducted in the absence of the public, the amendment will provide that:

- if the settlement agreement is approved by the Hearing Panel, all documents and transcripts of the hearing will be made public; and

- if the settlement agreement is rejected by the Hearing Panel, the material will not be made public and there will not be any prejudice to the case of either the Market Regulator or the party subject to the disciplinary proceeding.

The amendment facilitates the settlement process by keeping all documents and transcripts of a settlement hearing confidential if the Hearing Panel rejects the Settlement Agreement. If the Settlement Agreement is rejected the disciplinary matter will be determined by a new Hearing Panel and the material presented at that hearing will be made public subject to the exceptions enumerated in section 9.7. The approach proposed by the amendment parallels the procedure used by the Ontario Securities Commission in the event that a Settlement Agreement is rejected by a panel.

7. Section 10.2 – Selection of Hearing Panel

Presently, section 10.2 provides that the Secretary shall select a Hearing Panel upon the issuance of a Notice of Hearing. The amendment would clarify that the Secretary shall also appoint a Hearing Panel upon acceptance of an Offer of Settlement by the person on whom the Market Regulator has served an Offer of Settlement. Under Part 3 of Policy 10.8, a Hearing Panel must convene to either approve or reject any Settlement Agreement that has been entered into by a Market Regulator. The Settlement Agreement created by the acceptance of the Offer of Settlement is subject to the approval or rejection of the Settlement Agreement by a Hearing Panel.

8. Section 10.3 – Quorum Provisions

Presently, Policy 10.8 does not contain a specific provision on the ability of a Hearing Panel to continue hearings or deliberations if one or more of the Hearing Panel members is unable to continue to serve. The amendment will clarify that decisions of a Hearing Panel may be made by a majority of the members of the panel and to provide that a Hearing Panel may continue to consider a matter if one of the three members is unable to continue serving. The amendment proposes that a single member of a Hearing Panel may continue to consider a matter with the consent of all parties. These procedures would insure that cases may be considered in a timely manner even though one or more members of a Hearing Panel become incapacitated or are otherwise unable to continue to serve on the Hearing Panel.

Resubmission of Amendments

In the Request for Comments issued by RS on September 30, 2002 as Market Integrity Notice 2002-014, RS proposed a number of “Administrative and Editorial Amendments” including several amendments to Policy 10.8. In particular, those proposed amendments to Policy 10.8 sought to:

(a) clarify that a Notice of Hearing does not need to contain a statement that a party may object to the form of the hearing if the hearing will be an oral hearing;

(b) provide that a Hearing Panel shall be selected upon acceptance of an Offer of Settlement;

(c) delete the term “defendant” from a heading as this term is not used in UMIR; and

(d) correct cross references to the Rules.

These amendments were not part of the Administrative and Editorial Amendments approved by the Recognizing Regulators that became effective as of January 30, 2004. For this reason, these proposed amendments to Policy 10.8 are being republished for public comment and resubmitted for approval by the Recognizing Regulators as part of the package of amendments related to Practice and Procedure set out in this Market Integrity Notice.

Appendices

The text of the amendments to the Policies respecting practice and procedure is set out in Appendix "A". Appendix "B" contains the text of the relevant provisions of the Policies as they would read on the adoption of the amendments. Appendix "B" also contains a marked version of the current provisions highlighting the changes being introduced by the amendments.

Questions

Questions concerning this notice may be directed to:

James E. Twiss,
Senior Counsel,
Market Policy and General Counsel,
Market Regulation Services Inc.,
Suite 900,
P.O. Box 939,
145 King Street West,
Toronto, Ontario. M5H 1J8

Telephone: 416.646.7277
Fax: 416.646.7265
e-mail: james.twiss@rs.ca

ROSEMARY CHAN,
VICE PRESIDENT, MARKET POLICY AND GENERAL COUNSEL

Appendix "A"

Universal Market Integrity Rules

Amendments to the Policies

Related to Practice and Procedure

The Policies to the Universal Market Integrity Rules are amended by amending Policy 10.8 as follows:

1. Section 1.1 of Policy 10.8 is amended by deleting the definition of "Secretary" and substituting the following:

   "Secretary" means the Secretary of the Market Regulator or other officer, employee or agent of the Market Regulator designated in writing from time to time by the Secretary to perform such of the functions of the Secretary for the purposes of this Policy as may be specified in the designation by the Secretary.

2. Clause 3.2(e) is amended by deleting references to "Rule 10.4" and "Rule 10.5" and substituting references to "Rule 10.5" and "Rule 10.7" respectively.

3. Clause 4.2(e) is amended by inserting at the start of that clause the phrase "if the Notice of Hearing specifies that the hearing is to be an electronic or a written hearing,".

4. Clause 8.1(1)(b) is amended by deleting the phrase "other than a document" and inserting at the end of that clause the phrase "but not including any document a copy of which was delivered to every other party in accordance with clause (a)".

5. Section 9.4 is amended by:

   (a) deleting from the heading the words "of Defendant"; and

   (b) replacing the phrase "if permitted" with "unless precluded".

6. Section 9.7 is amended by adding the following as subsection (4):

   (4) If a Hearing Panel decides that a hearing to consider a Settlement Agreement shall be conducted in the absence of the public in the case of an oral or electronic hearing or without access to the documents submitted in the case of a written hearing;

      (a) any record or transcript of the hearing or any document or other thing tendered at the hearing shall be made available to the public if the Hearing Panel approves the Settlement Agreement; and

      (b) any record or transcript of the hearing and any document or other thing tendered at the hearing shall not be made available to the public if the Hearing Panel rejects the Settlement Agreement.

7. Subsection 10.2(1) is amended by inserting after the phrase "Notice of Hearing" the phrase "or upon the acceptance of an Offer of Settlement".

8. Part 10 is amended by adding the following as section 10.3:

   10.3 Quorum Provisions

   (1) Subject to subsection 10.2(2), if a member of a Hearing Panel becomes incapacitated or is otherwise unable to serve on a Hearing Panel for whatever reason, the remaining member or members of the Hearing Panel may continue to deal with any matter and may make any order or decision that a Hearing Panel may make in accordance with the Rules and Policies provided that if the Hearing Panel is comprised of a single member the Hearing Panel may only continue to deal with any matter with the consent of all parties.

(2) Any order or decision of a Hearing Panel may be made by a majority of the members of the Hearing Panel and in the event that the Hearing Panel is comprised of two members the order or decision shall be unanimous.

Appendix "B"

Universal Market Integrity Rules

Text of Policy 10.8 to Reflect Proposed Amendments

Related to Practice and Procedure

Text of Provisions of Policy 10.8 Following Adoption of Proposed Amendments	Text of Current Provisions of Policy 10.8 Marked to Reflect Adoption of Proposed Amendments
1.1 Definitions **"Secretary"** means the Secretary of the Market Regulator or other officer, employee or agent of the Market Regulator designated in writing from time to time by the Secretary to perform such of the functions of the Secretary for the purposes of this Policy as may be specified in the designation by the Secretary.	**1.1 Definitions** **"Secretary"** means the Secretary of the Market Regulator or other officer ~~or~~, employee or agent of the Market Regulator designated ~~by the Board~~ in writing from time to time by the Secretary to perform such of the functions of the Secretary for the purposes of this Policy as may be specified in the designation by the Secretary.
3.2 Contents of Offer of Settlement An Offer of Settlement must: … (e) specify the penalties or remedies to be imposed by the Market Regulator pursuant to Rule 10.5 and the assessment of any expenses to be made pursuant to Rule 10.7; and …	**3.2 Contents of Offer of Settlement** An Offer of Settlement must: … (e) specify the penalties or remedies to be imposed by the Market Regulator pursuant to Rule 10.~~4~~5 and the assessment of any expenses to be made pursuant to Rule 10.~~5~~7; and …
4.2 Contents of Notice of Hearing A Notice of Hearing must contain: … (e) if the Notice of Hearing specifies that the hearing is to be an electronic or a written hearing, a statement that the party notified may object to holding the hearing as an electronic or a written hearing and the procedure to be followed for that purpose; …	**4.2 Contents of Notice of Hearing** A Notice of Hearing must contain: … (e) if the Notice of Hearing specifies that the hearing is to be an electronic or a written hearing, a statement that the party notified may object to holding the hearing as an electronic or a written hearing and the procedure to be followed for that purpose; …
8.1 Requirement to Disclose (1) **Documents and Other Things –** Each party to a hearing shall, as soon as practicable after service of the Notice of Hearing, and in any case no later than 10 days before the day upon which the hearing is scheduled to commence: … (b) make available for inspection by every other party anything that the party intends to refer	**8.1 Requirement to Disclose** (1) **Documents and Other Things –** Each party to a hearing shall, as soon as practicable after service of the Notice of Hearing, and in any case no later than 10 days before the day upon which the hearing is scheduled to commence: … (b) make available for inspection by every other party anything ~~other than a document~~ that

Text of Provisions of Policy 10.8 Following Adoption of Proposed Amendments	Text of Current Provisions of Policy 10.8 Marked to Reflect Adoption of Proposed Amendments
to or tender as evidence at the hearing but not including any document a copy of which was delivered to every other party in accordance with clause (a).	the party intends to refer to or tender as evidence at the hearing but not including any document a copy of which was delivered to every other party in accordance with clause (a).
9.4 Failure to Reply, Attend or Participate If a person served with a Notice of Hearing fails to: (a) in the case of an oral hearing, serve a Reply in accordance with section 9.1; (b) in the case of a written hearing, serve a Response in accordance with section 9.2; or (c) attend or participate at the hearing specified in the Notice of Hearing, the Market Regulator may proceed with the hearing on the matter on the date and at the time and place set out in the Notice of Hearing without further notice to and in the absence of the person, and the Hearing Panel may, unless precluded by law, accept the facts alleged or the conclusions drawn by the Market Regulator in the Statement of Allegations as having been proven by the Market Regulator and the Hearing Panel may impose any one or more of the penalties or remedies authorized by the Rules and assess expenses as authorized by the Rules.	**9.4 Failure ~~of Defendant~~ to Reply, Attend or Participate** If a person served with a Notice of Hearing fails to: (a) in the case of an oral hearing, serve a Reply in accordance with section 9.1; (b) in the case of a written hearing, serve a Response in accordance with section 9.2; or (c) attend or participate at the hearing specified in the Notice of Hearing, the Market Regulator may proceed with the hearing on the matter on the date and at the time and place set out in the Notice of Hearing without further notice to and in the absence of the person, and the Hearing Panel may, ~~if permitted~~ unless precluded by law, accept the facts alleged or the conclusions drawn by the Market Regulator in the Statement of Allegations as having been proven by the Market Regulator and the Hearing Panel may impose any one or more of the penalties or remedies authorized by the Rules and assess expenses as authorized by the Rules.
9.7 Public Access to Hearing (4) If a Hearing Panel decides that a hearing to consider a Settlement Agreement shall be conducted in the absence of the public in the case of an oral or electronic hearing or without access to the documents submitted in the case of a written hearing; (a) any record or transcript of the hearing or any document or other thing tendered at the hearing shall be made available to the public if the Hearing Panel approves the Settlement Agreement; and (b) any record or transcript of the hearing and any document or other thing tendered at the hearing shall not be made available to the public if the Hearing Panel rejects the Settlement Agreement.	**9.7 Public Access to Hearing** (4) If a Hearing Panel decides that a hearing to consider a Settlement Agreement shall be conducted in the absence of the public in the case of an oral or electronic hearing or without access to the documents submitted in the case of a written hearing; (a) any record or transcript of the hearing or any document or other thing tendered at the hearing shall be made available to the public if the Hearing Panel approves the Settlement Agreement; and (b) any record or transcript of the hearing and any document or other thing tendered at the hearing shall not be made available to the public if the Hearing Panel rejects the Settlement Agreement.
10.2 Selection of Hearing Panel (1) Upon the issuance of a Notice of Hearing or upon the acceptance of an Offer of Settlement, the Secretary shall select a Hearing Panel from	**10.2 Selection of Hearing Panel** (1) Upon the issuance of a Notice of Hearing or upon the acceptance of an Offer of Settlement, the Secretary shall select a Hearing Panel from

Text of Provisions of Policy 10.8 Following Adoption of Proposed Amendments	Text of Current Provisions of Policy 10.8 Marked to Reflect Adoption of Proposed Amendments
the members of the Hearing Committee for the jurisdiction in which the hearing will be held comprised of: (a) one member of the Hearing Committee who is or was a member of the Law Society for that jurisdiction and this person shall act as chair of the Hearing Panel; and (b) two members of the Hearing Committee, at least one of whom shall be a current or former director, officer, partner or employee of a Participant or an Access Person	the members of the Hearing Committee for the jurisdiction in which the hearing will be held comprised of: (a) one member of the Hearing Committee who is or was a member of the Law Society for that jurisdiction and this person shall act as chair of the Hearing Panel; and (b) two members of the Hearing Committee, at least one of whom shall be a current or former director, officer, partner or employee of a Participant or an Access Person
10.3 Quorum Provisions (1) Subject to subsection 10.2(2), if a member of a Hearing Panel becomes incapacitated or is otherwise unable to serve on a Hearing Panel for whatever reason, the remaining member or members of the Hearing Panel may continue to deal with any matter and may make any order or decision that a Hearing Panel may make in accordance with the Rules and Policies provided that if the Hearing Panel is comprised of a single member the Hearing Panel may only continue to deal with any matter with the consent of all parties. (2) Any order or decision of a Hearing Panel may be made by a majority of the members of the Hearing Panel and in the event that the Hearing Panel is comprised of two members the order or decision shall be unanimous.	**10.3 Quorum Provisions** (1) Subject to subsection 10.2(2), if a member of a Hearing Panel becomes incapacitated or is otherwise unable to serve on a Hearing Panel for whatever reason, the remaining member or members of the Hearing Panel may continue to deal with any matter and may make any order or decision that a Hearing Panel may make in accordance with the Rules and Policies provided that if the Hearing Panel is comprised of a single member the Hearing Panel may only continue to deal with any matter with the consent of all parties. (2) Any order or decision of a Hearing Panel may be made by a majority of the members of the Hearing Panel and in the event that the Hearing Panel is comprised of two members the order or decision shall be unanimous.

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