The Ontario Securities Commission

OSC Bulletin

May 21, 2004

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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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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

MAY 21, 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
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20 Queen Street West
Toronto, Ontario
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Susan Wolburgh Jenah, Vice-Chair	—	SWJ
Paul K. Bates	—	PKB
Robert W. Davis, FCA	—	RWD
Harold P. Hands	—	HPH
Mary Theresa McLeod	—	MTM
H. Lorne Morphy, Q.C.	—	HLM
Robert L. Shirriff, Q.C.	—	RLS
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
June 9, 2004	**Gregory Hyrniw and Walter Hyrniw**
10:00 a.m.	s. 127
	K. Wootton in attendance for Staff
	Panel: HLM/HPH/PKB
June 18, 2004	**Donald Parker**
9:30 a.m.	s. 127
	K. Wootton in attendance for Staff
	Panel: SWJ/RWD/ST
June 24, 2004	**Donald Greco**
10:00 a.m.	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	**ATI Technologies Inc., Kwok Yuen Ho, Betty Ho, JoAnne Chang, David Stone, Mary de La Torre, Alan Rae and Sally Daub**
10:00 a.m.	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 Notice of Commission Approval – IDA Amendments to the Notes and Instructions to Schedule 5 of Form 1 Relating to Approved Inter-Dealer Bond Brokers

THE INVESTMENT DEALERS ASSOCIATION OF CANADA (IDA)

AMENDMENTS TO THE NOTES AND INSTRUCTIONS TO SCHEDULE 5 OF FORM 1 RELATING TO APPROVED INTER-DEALER BOND BROKERS

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved amendments to the IDA Notes and Instructions to Schedule 5 of Form 1 relating to approved Inter-Dealer Bond Brokers. In addition, the Alberta Securities Commission approved and the British Columbia Securities Commission did not object to the amendments. The purpose of the amendments is to adopt a more efficient approach to the Regulation of the IDA for updating the list of approved inter-dealer bond brokers. The amendments are housekeeping in nature. The description and a copy of the amendment is contained in Chapter 13 of this Ontario Securities Commission Bulletin.

1.1.3 MFDA Amended and Restated Recognition Order - Notice of Approval

THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA

AMENDED AND RESTATED RECOGNITION ORDER

NOTICE OF APPROVAL

Amended and Restated Recognition Order of the MFDA

On March 30, 2004, the Commission issued an order amending and restating the order recognizing the Mutual Fund Dealers Association of Canada ("MFDA") as a self-regulatory organization. The objectives of the amendment and restatement are as follows:

1. To reflect changes in the MFDA's governance structure;

2. To clarify the MFDA's ability to enter into arrangements with another party to perform certain regulatory functions; and

3. To make housekeeping amendments to streamline the current recognition order.

Alberta, British Columbia, Nova Scotia and Saskatchewan have also amended and restated their recognition orders of the MFDA as a self-regulatory organization. A copy of the Ontario amended and restated recognition order is published in Chapter 2 of this bulletin.

The Commission published the MFDA's application to amend and restate its recognition order and related documents on December 12, 2003, at (2003) 26 OSCB 8111. Two commenters responded to the request for comments. The MFDA's summary of the comments and response are published in Chapter 13 of this bulletin.

1.2 Notices of Hearing

1.2.1 Certain Directors, Officers and Insiders of Nortel Networks Corporation and Nortel Networks Limited - ss. 127(1) and 127(5)

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

AND

IN THE MATTER OF
CERTAIN DIRECTORS, OFFICERS AND INSIDERS OF
NORTEL NETWORKS CORPORATION AND
NORTEL NETWORKS LIMITED
(BEING THE INDIVIDUALS AND ENTITIES LISTED
IN SCHEDULE "A" HERETO)

NOTICE OF HEARING
(Subsection 127(1) and 127(5))

WHEREAS the Director made an order under paragraph 2 of subsection 127(1) and subsection 127(5) of the Act on the 17th day of May, 2004 (the "Temporary Order"), that all trading, whether direct or indirect, by each of each of the individuals and entities listed in Schedule "A" to the Temporary Order (individually, a "Respondent" and collectively, the "Respondents") in securities of Nortel Networks Corporation ("NNC") and Nortel Networks Limited ("NNL") cease for a period of fifteen days from the date of the Temporary Order;

AND WHEREAS NNC has announced that each of NNC and NNL will restate the financial results reported in each of the quarterly periods of 2003 and for earlier periods including 2002 and 2001 and will be delayed in filing its annual financial statements for the year ended December 31, 2003 by the required filing date under Ontario securities law, namely May 19, 2004 and its interim statements for the first quarter ended March 31, 2004 by the required filing date under Ontario securities law, namely May 15, 2004;

AND WHEREAS the Temporary Order was made because the Director was of the opinion that the length of time required to conclude a hearing could be prejudicial to the public interest;

AND WHEREAS the Director may revoke the Temporary Order within the fifteen-day period if NNC and NNL remedy the Default to the satisfaction of the Director and are not at that time otherwise in default of their obligations under Ontario securities law;

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the Act (a "Hearing") at 20 Queen Street West, 17th Floor Hearing Room, Toronto, Ontario commencing on the 31st day of May, 2004 at 10:00 a.m. or as soon as possible after that time;

TO CONSIDER whether, pursuant to subsection 127(1) of the Act, it is in the public interest for the Commission to make an Order:

1. that trading, whether direct or indirect, by any of the Respondents in securities of NNC and NNL cease until two business days following the receipt by the Commission of all filings NNC and NNL are required to make pursuant to Ontario securities laws or for such period as the Commission may determine; and/or

2. such other order as the Commission may deem appropriate;

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

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

AND FURTHER TAKE NOTICE that if a party fails to attend the Hearing, the Hearing may proceed in the absence of that party and such party will not be entitled to receive any further notice of the proceeding;

AND FURTHER TAKE NOTICE that, pursuant to subsection 127(7) of the Act, the Temporary Order may be extended until the Hearing is concluded or under subsection 127(8) of the Act if satisfactory information is not provided within the fifteen-day period.

May 17, 2004.

"Rose Gomme"

Schedule "A"

Adam, Herve
Auriol, Helene Marie Jacqueline Madeleine
Barnes, Debbie
Barrios, Alvio
Beatty, Douglas Charles
Bejar, Martha Helena
Bhatnagar, Atul
Biard, James Anthony
Bifield, Allan
Bischoff, Dr., Manfred
Biston, Alain Mathieu Pierre
Blanchard, James Johnston
Boggs, David Wood
Bolouri, Chahram
Borowiecki, Thomas Julian
Brown, Robert Ellis
Browne, Peter Eldon
Buffett, David Alan
Byrd, Richard Andrew
Callaghan, Barbara Rose
Carbone, Peter John
Casamitjana-Cucurella, Jordi
Cervantes, Victor
Champagne, Jean
Chan, Hung Cheong (Sidney)
Chronowic, Peter
Cleghorn, John Edward
Clement, Michel
Clemons, Stephen Wayne
Collins, Malcolm Kevin
Connor, Daniel
Cooper, Helen Louise
Cote, Dennis Jonhn Gerard
Cozyn, Martin Albert
Cross, Mary Mcgehee
Cuesta, George Julio
Dadyburjor, Khush Sam
Davies, Gordon Allan
Debon, Pascal
Decardenas, Alfredo Tomas
Deroma, Nicholas John
Di Giuseppe, Pierfrancesco
Dodd, Randy Kevin
Donoghue, Adrian Joseph
Donovan, William John
Doolittle, John Marshall
Dubois, Claude
Dunn, Frank Andrew
Edwards, Darryl Alexander
Elliott, Stephen Bennett
Esteridge, Winston Sylvester
Farmer, Cecil Gregory
Ferguson, Robert Lindsey Miller
Fisher, Arthur Walter
Fortier, Louis Yves
Gasnier, Michel Roger
Giamatteo, John Joseph
Gibson, David Fraser
Gigliotti, Thomas Andrew
Gold, Ashley
Gollogly, Michael Jerard
Hamilton, Douglas Alexander
Haydon, John Bradley
Hegemann, Holger
Higginbotham, Ernest Ryan
Hitchcock, Albert Roger
Hoadley, John Philip
Holmes, Robert Devon
Hudson, David Victor
Hudson, Vivian Catharine
Ingram, Robert Alexander
Joannou, Dion Constandino
Johnson, Craig Allan
Jones, Stephen Glenn
Kelly, Peter John Anthony
Kerr, William
Khadbai, Abdul Aziz
King, Elena
Kinney, James Brittain
Krebs, Laurie Ann
Langlois, Michael John
Lanier, Gayle La'verne
Lasalle, William Joseph
Lester, Monica Lynne
Lin, Yuan-Hao
Lloyd, Geoffrey James
Lo, Kai Yuen Edmond
Lockhart, Lewis Karl
Lowe, Richard Stephen
Lowe, Tonya Lee
Mackinnon, Peter David
MacLaren, Peter
Maclean, Roy James
MacLeod, Ross
Mao, Robert Yu Lang
McFadden, Brian William
McFeely, Scott Alexander
McGregor, Douglas James
McMonagle, Angela Marie
Megura, Walter
Michaelides, Douglas Walter
Milan, Norberto
Moore (Pearson), Louise Elizabeth
Morfe Jr., Claudio
Morin, Philippe
Morrison, Blair Fraser
Mumford, Donald Gregory
Murash, Barry
Murashige, David Hilliker
Murphy, Peter Michael
Newcombe, Peter James
Noble, Deborah Jean
O'Flynn, Michael Joseph
Owens, William Arthur
Pagani, Marco
Pahapill, Maryanne Elisabeth
Pangia, Michael Anthony
Pecot, Kenneth Wesley
Pierson, Alexander John Briens
Preston, Tony Keith
Pugh, Gareth Alan David
Pusey, Stephen Charles
Quinn, Gordon William
Rea, Jeffrey Leonard

Rhodes, Patrick Alan
Richardson, Clent
Safarikas, Al
Saffell Jr., Charles Raymond
Saucier, Guylaine
Schilling, Steven Leo
Shakespeare, Barry Keith
Sicotte, Luc Paul
Slattery, Stephen Francis
Sledge, Karen Elizabeth
Smith, Sherry Lee
Smith Jr., Sherwood Hubbard
Southern, Barry John
Spradley, Susan Louise
Sproule, Donald Ernest
Stark, Ryan Michael
Stevens, Mark William
Stevenson, Katherine Berghuis
Stoddard, Alan Grant
Stout, Allen Keith
Swanson, Roxann Lee
Tariq, Masood Ahmad
Taylor, Kenneth Robert Wesley
Taylor, Kevin
Tsui, Stephen
Valia, Ashoka
Vazquez Oria, Pablo Abel
Washburn, Robert Peter
Watkins, Timothy Ian
Wheatley, Randolph Osorio
Whitehurst, Jay Floyd
Whitton, Mark James Christopher
Williams, Timothy Louis
Wilson, Lynton Ronald
Wood, Robert Graham
Wood, Steven Victor
Wu, Jang-Shang (Jackson)

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

AND

IN THE MATTER OF
CERTAIN DIRECTORS, OFFICERS AND INSIDERS OF
NORTEL NETWORKS CORPORATION AND
NORTEL NETWORKS LIMITED
(BEING THE INDIVIDUALS AND ENTITIES LISTED
IN SCHEDULE "A" HERETO)

STATEMENT OF ALLEGATIONS OF STAFF
OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission make the following allegations:

1. Each of Nortel Networks Corporation ("NNC") and Nortel Networks Limited ("NNL") is incorporated under the *Canada Business Corporations Act* and is a reporting issuer in the Province of Ontario.

2. Each of the individuals and entities listed in Schedule "A" (individually, a "Respondent" and collectively, the "Respondents") is, or was, at some time since the end of the period covered by the last financial statements filed by NNC and NNL, namely September 30, 2003, a director, officer or insider of NNC or NNL and during that time had, or may have had, access to material information with respect to NNC and NNL that has not been generally disclosed.

3. On April 28, 2004, NNC issued and filed on SEDAR a press release disclosing that each of NNC and NNL will restate the financial results reported in each of the quarterly periods of 2003 and for earlier periods including 2002 and 2001 and will be delayed in filing its annual financial statements for the year ended December 31, 2003 by the required filing date under Ontario securities law, namely May 19, 2004 and its interim statements for the first quarter ended March 31, 2004 by the required filing date under Ontario securities law, namely May 15, 2004.

4. Each of NNC and NNL has failed to file its interim statements for the three-month period ended March 31, 2004 as required to be filed under Ontario securities law on or before May 15, 2004, and has not filed such statements as of the date hereof.

5. It would be prejudicial to the public interest to allow the Respondents to trade in the securities of NNC and NNL until such time as all disclosure required by Ontario securities law has been made by NNC and NNL.

6. It is therefore in the public interest that an order be issued that all trading, whether direct or indirect,

by the Respondents in the securities of NNC and NNL shall cease until two full business days following the receipt by the Commission of all filings NNC and NNL are required to make pursuant to Ontario securities law.

May 17, 2004.

Schedule "A"

Adam, Herve
Auriol, Helene Marie Jacqueline Madeleine
Barnes, Debbie
Barrios, Alvio
Beatty, Douglas Charles
Bejar, Martha Helena
Bhatnagar, Atul
Biard, James Anthony
Bifield, Allan
Bischoff, Dr., Manfred
Biston, Alain Mathieu Pierre
Blanchard, James Johnston
Boggs, David Wood
Bolouri, Chahram
Borowiecki, Thomas Julian
Brown, Robert Ellis
Browne, Peter Eldon
Buffett, David Alan
Byrd, Richard Andrew
Callaghan, Barbara Rose
Carbone, Peter John
Casamitjana-Cucurella, Jordi
Cervantes, Victor
Champagne, Jean
Chan, Hung Cheong (Sidney)
Chronowic, Peter
Cleghorn, John Edward
Clement, Michel
Clemons, Stephen Wayne
Collins, Malcolm Kevin
Connor, Daniel
Cooper, Helen Louise
Cote, Dennis Jonhn Gerard
Cozyn, Martin Albert
Cross, Mary Mcgehee
Cuesta, George Julio
Dadyburjor, Khush Sam
Davies, Gordon Allan
Debon, Pascal
Decardenas, Alfredo Tomas
Deroma, Nicholas John
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Donoghue, Adrian Joseph
Donovan, William John
Doolittle, John Marshall
Dubois, Claude
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Edwards, Darryl Alexander
Elliott, Stephen Bennett
Esteridge, Winston Sylvester
Farmer, Cecil Gregory
Ferguson, Robert Lindsey Miller
Fisher, Arthur Walter
Fortier, Louis Yves
Gasnier, Michel Roger
Giamatteo, John Joseph
Gibson, David Fraser
Gigliotti, Thomas Andrew
Gold, Ashley
Gollogly, Michael Jerard

Hamilton, Douglas Alexander
Haydon, John Bradley
Hegemann, Holger
Higginbotham, Ernest Ryan
Hitchcock, Albert Roger
Hoadley, John Philip
Holmes, Robert Devon
Hudson, David Victor
Hudson, Vivian Catharine
Ingram, Robert Alexander
Joannou, Dion Constandino
Johnson, Craig Allan
Jones, Stephen Glenn
Kelly, Peter John Anthony
Kerr, William
Khadbai, Abdul Aziz
King, Elena
Kinney, James Brittain
Krebs, Laurie Ann
Langlois, Michael John
Lanier, Gayle La'verne
Lasalle, William Joseph
Lester, Monica Lynne
Lin, Yuan-Hao
Lloyd, Geoffrey James
Lo, Kai Yuen Edmond
Lockhart, Lewis Karl
Lowe, Richard Stephen
Lowe, Tonya Lee
Mackinnon, Peter David
MacLaren, Peter
Maclean, Roy James
MacLeod, Ross
Mao, Robert Yu Lang
McFadden, Brian William
McFeely, Scott Alexander
McGregor, Douglas James
McMonagle, Angela Marie
Megura, Walter
Michaelides, Douglas Walter
Milan, Norberto
Moore (Pearson), Louise Elizabeth
Morfe Jr., Claudio
Morin, Philippe
Morrison, Blair Fraser
Mumford, Donald Gregory
Murash, Barry
Murashige, David Hilliker
Murphy, Peter Michael
Newcombe, Peter James
Noble, Deborah Jean
O'Flynn, Michael Joseph
Owens, William Arthur
Pagani, Marco
Pahapill, Maryanne Elisabeth
Pangia, Michael Anthony
Pecot, Kenneth Wesley
Pierson, Alexander John Briens
Preston, Tony Keith
Pugh, Gareth Alan David
Pusey, Stephen Charles
Quinn, Gordon William
Rea, Jeffrey Leonard
Rhodes, Patrick Alan
Richardson, Clent
Safarikas, Al
Saffell Jr., Charles Raymond
Saucier, Guylaine
Schilling, Steven Leo
Shakespeare, Barry Keith
Sicotte, Luc Paul
Slattery, Stephen Francis
Sledge, Karen Elizabeth
Smith, Sherry Lee
Smith Jr., Sherwood Hubbard
Southern, Barry John
Spradley, Susan Louise
Sproule, Donald Ernest
Stark, Ryan Michael
Stevens, Mark William
Stevenson, Katherine Berghuis
Stoddard, Alan Grant
Stout, Allen Keith
Swanson, Roxann Lee
Tariq, Masood Ahmad
Taylor, Kenneth Robert Wesley
Taylor, Kevin
Tsui, Stephen
Valia, Ashoka
Vazquez Oria, Pablo Abel
Washburn, Robert Peter
Watkins, Timothy Ian
Wheatley, Randolph Osorio
Whitehurst, Jay Floyd
Whitton, Mark James Christopher
Williams, Timothy Louis
Wilson, Lynton Ronald
Wood, Robert Graham
Wood, Steven Victor
Wu, Jang-Shang (Jackson)

1.2.2 Certain Directors, Officers and Insiders of Hollinger Inc. - ss. 127(1) and 127(5)

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

AND

IN THE MATTER OF
CERTAIN DIRECTORS, OFFICERS AND INSIDERS OF HOLLINGER INC.
(BEING THE INDIVIDUALS AND ENTITIES LISTED IN SCHEDULE "A" HERETO)

NOTICE OF HEARING
(Subsection 127(1) and 127(5))

WHEREAS the Director made an order under paragraph 2 of subsection 127(1) and subsection 127(5) of the Act on the 18th day of May, 2004 (the "Temporary Order"), that all trading, subject to certain exceptions as provided for in the Temporary Order, whether direct or indirect, by each of the individuals and entities listed in Schedule "A" to the Temporary Order (individually, a "Respondent" and collectively, the "Respondents") in securities of Hollinger Inc. ("Hollinger") cease for a period of fifteen days from the date of the Temporary Order;

AND WHEREAS Hollinger has announced that it will be delayed in filing its annual financial statements (and annual Management's Discussion & Analysis related thereto) for the year ended December 31, 2003 by the required filing date under Ontario securities law, namely May 19, 2004, and its interim statements (and interim Management's Discussion & Analysis related thereto) for the first quarter ended March 31, 2004 by the required filing date under Ontario securities law, namely May 15, 2004;

AND WHEREAS the Temporary Order was made because the Director was of the opinion that the length of time required to conclude a hearing could be prejudicial to the public interest;

AND WHEREAS the Director may revoke the Temporary Order within the fifteen-day period if Hollinger remedies the Default to the satisfaction of the Director and is not at that time otherwise in default of its obligations under Ontario securities law;

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the Act (a "Hearing") at 20 Queen Street West, 17th Floor Hearing Room, Toronto, Ontario commencing on the 1st day of June, 2004 at 10:00 a.m. or as soon as possible after that time;

TO CONSIDER whether, pursuant to subsection 127(1) of the Act, it is in the public interest for the Commission to make an Order:

1. that trading, whether direct or indirect, by any of the Respondents in securities of Hollinger cease until two business days following the receipt by the Commission of all filings Hollinger is required to make pursuant to Ontario securities laws or for such period as the Commission may determine; and/or

2. such other order as the Commission may deem appropriate;

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

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

AND FURTHER TAKE NOTICE that if a party fails to attend the Hearing, the Hearing may proceed in the absence of that party and such party will not be entitled to receive any further notice of the proceeding;

AND FURTHER TAKE NOTICE that, pursuant to subsection 127(7) of the Act, the Temporary Order may be extended until the Hearing is concluded or under subsection 127(8) of the Act if satisfactory information is not provided within the fifteen-day period.

May 18, 2004.

"Rose Gomme"

Schedule "A"

509645 N.B. Inc.
509646 N.B. Inc.
1269940 Ontario Limited
2753421 Canada Limited
Amiel Black, Barbara
Argus Corporation Limited
Atkinson, Peter Y.
Bassett, Douglas G.
Black, Conrad M. (Lord)
Boultbee, J. A.
Burt, The Hon. Richard
Carroll, Paul A.
Colson, Daniel W.
Conrad Black Capital Corporation
Cowan, Charles G.
Creasey, Frederick A.
Cruickshank, John
Deedes, Jeremy
Dimma, William A.
Dodd, David
Duckworth, Claire F.
Eaton, Fredrik S.
Gotlieb, Allan E.
Healy, Paul B.
Kipnis, Mark
Kissinger, The Hon. Henry A.
Lane, Peter K.
Loye, Linda
Maida, Joan
McCarthy, Helen
Meitar, Shmuel
O'Donnell-Kennan, Niamh
Paris, Gordon
Perle, The Hon. Richard N.
Radler, F. David
The Ravelston Corporation Limited
Rohmer, Richard, OC, QC
Ross, Sherrie L.
Sabia, Maureen J.
Samila, Tatiana
Savage, Graham
Seitz, The Hon. Raymond G.H.
Smith, Robert T.
Stevenson, Mark
Thompson, The Hon. James R.
Van Horn, James R.
Walker, Gordon W.
White, Peter G.

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

AND

IN THE MATTER OF
CERTAIN DIRECTORS, OFFICERS AND INSIDERS OF
HOLLINGER INC.
(BEING THE INDIVIDUALS AND ENTITIES LISTED
IN SCHEDULE "A" HERETO)

STATEMENT OF ALLEGATIONS OF STAFF
OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission make the following allegations:

1. Hollinger Inc. ("Hollinger") is amalgamated under the *Canada Business Corporations Act* and is a reporting issuer in the Province of Ontario.

2. Each of the individuals and entities listed in Schedule "A" (individually, a "Respondent" and collectively, the "Respondents") is, or was, at some time since the end of the period covered by the last financial statements filed by Hollinger, namely September 30, 2003, a director, officer or insider of Hollinger and during that time had, or may have had, access to material information with respect to Hollinger that has not been generally disclosed.

3. On April 30, 2004, Hollinger issued and filed on SEDAR a press release disclosing that it will be delayed in filing its annual financial statements (and annual Management's Discussion & Analysis related thereto) and its Annual Information Form for the year ended December 31, 2003 by the required filing date under Ontario securities law, namely May 19, 2004, and its interim statements (and interim Management's Discussion & Analysis related thereto) for the first quarter ended March 31, 2004 by the required filing date under Ontario securities law, namely May 15, 2004.

4. Hollinger has failed to file its interim statements (and interim Management's Discussion & Analysis related thereto) for the three-month period ended March 31, 2004 as required to be filed under Ontario securities law on or before May 15, 2004.

5. Hollinger International Inc. ("HLR") is the principal subsidiary of Hollinger. HLR is incorporated under the laws of Delaware and is a reporting issuer in the Province of Ontario. HLR is currently engaged in a strategic process as described in the material change report filed by HLR on November 27, 2003 (the "Strategic Process"). The Strategic Process has been commenced by the board of directors of HLR and is being conducted through HLR's financial advisor, Lazard Frères & Co. LLC, to pursue a range of alternative strategic

transactions for HLR. The Strategic Process may involve the sale or reorganization of all or a part of HLR's business and other possible transactions by means that may include asset sales, share sales or a merger, amalgamation, arrangement, business combination or other reorganization.

6. On April 5, 2004, Hollinger filed a material change report disclosing that it had entered into an agency agreement in respect of a proposed offering and sale of up to 20,096,919 subscription receipts (the "Subscription Receipts") of Hollinger at a price of CDN$10.50 per Subscription Receipt for gross proceeds of CDN$211 million (the "Subscription Receipt Offering"). On April 7, 2004, Hollinger issued and filed a press release and material change report announcing the closing of the offering of Subscription Receipts. As described in the above-mentioned material change reports, the gross proceeds from the sale of the Subscription Receipts will be held in escrow for a certain period following the closing of the Subscription Receipt Offering, pending the satisfaction of certain escrow conditions. The satisfaction of certain of these escrow conditions may constitute or involve trades in securities of Hollinger and/or HLR.

7. It would be prejudicial to the public interest to allow the Respondents to trade in the securities of Hollinger, except as described below, until such time as all disclosure required by Ontario securities law has been made by Hollinger.

8. It is therefore in the public interest that an order be issued that all trading, whether direct or indirect, by the Respondents in the securities of Hollinger, with the exception of

   a. any trade in securities of Hollinger contemplated by, or in connection with, the Subscription Receipt Offering (including without limitation any redemptions or retractions of any securities of Hollinger other than pursuant to a retraction request initiated by a Respondent); and

   b. any trade in securities of Hollinger contemplated by or in connection with any transaction directly or indirectly resulting or arising from the Strategic Process;

   shall cease until two full business days following the receipt by the Commission of all filings Hollinger is required to make pursuant to Ontario securities law.

May 18, 2004.

Schedule "A"

509645 N.B. Inc.
509646 N.B. Inc.
1269940 Ontario Limited
2753421 Canada Limited
Amiel Black, Barbara
Argus Corporation Limited
Atkinson, Peter Y.
Bassett, Douglas G.
Black, Conrad M. (Lord)
Boultbee, J. A.
Burt, The Hon. Richard
Carroll, Paul A.
Colson, Daniel W.
Conrad Black Capital Corporation
Cowan, Charles G.
Creasey, Frederick A.
Cruickshank, John
Deedes, Jeremy
Dimma, William A.
Dodd, David
Duckworth, Claire F.
Eaton, Fredrik S.
Gotlieb, Allan E.
Healy, Paul B.
Kipnis, Mark
Kissinger, The Hon. Henry A.
Lane, Peter K.
Loye, Linda
Maida, Joan
McCarthy, Helen
Meitar, Shmuel
O'Donnell-Kennan, Niamh
Paris, Gordon
Perle, The Hon. Richard N.
Radler, F. David
The Ravelston Corporation Limited
Rohmer, Richard, OC, QC
Ross, Sherrie L.
Sabia, Maureen J.
Samila, Tatiana
Savage, Graham
Seitz, The Hon. Raymond G.H.
Smith, Robert T.
Stevenson, Mark
Thompson, The Hon. James R.
Van Horn, James R.
Walker, Gordon W.
White, Peter G.

1.2.3 Certain Directors, Officers and Insiders of Hollinger International Inc. - ss. 127(1) and 127(5)

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

AND

IN THE MATTER OF
CERTAIN DIRECTORS, OFFICERS AND INSIDERS OF
HOLLINGER INTERNATIONAL INC.
(BEING THE INDIVIDUALS AND ENTITIES LISTED
IN SCHEDULE "A" HERETO)

NOTICE OF HEARING
(Subsection 127(1) and 127(5))

WHEREAS the Director made an order under paragraph 2 of subsection 127(1) and subsection 127(5) of the Act on the 18th day of May, 2004 (the "Temporary Order"), that all trading, subject to certain exceptions as provided for in the Temporary Order, whether direct or indirect, by each of the individuals and entities listed in Schedule "A" to the Temporary Order (individually, a "Respondent" and collectively, the "Respondents") in securities of Hollinger International Inc. ("HLR") cease for a period of fifteen days from the date of the Temporary Order;

AND WHEREAS HLR has announced that it will be delayed in filing its annual financial statements (and annual Management's Discussion & Analysis related thereto) for the year ended December 31, 2003 by the required filing date under Ontario securities law, namely May 19, 2004, and its interim statements (and interim Management's Discussion & Analysis related thereto) for the first quarter ended March 31, 2004 by the required filing date under Ontario securities law, namely May 15, 2004;

AND WHEREAS the Temporary Order was made because the Director was of the opinion that the length of time required to conclude a hearing could be prejudicial to the public interest;

AND WHEREAS the Director may revoke the Temporary Order within the fifteen-day period if HLR remedies the Default to the satisfaction of the Director and is not at that time otherwise in default of its obligations under Ontario securities law;

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the Act (a "Hearing") at 20 Queen Street West, 17th Floor Hearing Room, Toronto, Ontario commencing on the 1st day of June, 2004 at 10:00 a.m. or as soon as possible after that time;

TO CONSIDER whether, pursuant to subsection 127(1) of the Act, it is in the public interest for the Commission to make an Order:

1. that trading, whether direct or indirect, by any of the Respondents in securities of HLR cease until two business days following the receipt by the Commission of all filings HLR is required to make pursuant to Ontario securities laws or for such period as the Commission may determine; and/or

2. such other order as the Commission may deem appropriate;

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

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

AND FURTHER TAKE NOTICE that if a party fails to attend the Hearing, the Hearing may proceed in the absence of that party and such party will not be entitled to receive any further notice of the proceeding;

AND FURTHER TAKE NOTICE that, pursuant to subsection 127(7) of the Act, the Temporary Order may be extended until the Hearing is concluded or under subsection 127(8) of the Act if satisfactory information is not provided within the fifteen-day period.

May 18, 2004.

"Rose Gomme"

Schedule "A"

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509646 N.B. Inc.
1269940 Ontario Limited
2753421 Canada Limited
Amiel Black, Barbara
Argus Corporation Limited
Atkinson, Peter Y.
Bassett, Douglas G.
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Conrad Black Capital Corporation
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Gotlieb, Allan E.
Healy, Paul B.
Hollinger Inc.
Kipnis, Mark
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McCarthy, Helen
Meitar, Shmuel
O'Donnell-Kennan, Niamh
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Perle, The Hon. Richard N.
Radler, F. David
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Rohmer, Richard, OC, QC
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Samila, Tatiana
Savage, Graham
Seitz, The Hon. Raymond G.H.
Smith, Robert T.
Stevenson, Mark
Thompson, The Hon. James R.
Van Horn, James R.
Walker, Gordon W.
White, Peter G.

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

AND

IN THE MATTER OF
CERTAIN DIRECTORS, OFFICERS AND INSIDERS OF
HOLLINGER INTERNATIONAL INC.
(BEING THE INDIVIDUALS AND ENTITIES LISTED
IN SCHEDULE "A" HERETO)

STATEMENT OF ALLEGATIONS OF STAFF
OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission make the following allegations:

1. Hollinger International Inc. ("HLR") is incorporated under the laws of Delaware and is a reporting issuer in the Province of Ontario.

2. Each of the individuals and entities listed in Schedule "A" (individually, a "Respondent" and collectively, the "Respondents") is, or was, at some time since the end of the period covered by the last financial statements filed by HLR, namely September 30, 2003, a director, officer or insider of HLR and during that time had, or may have had, access to material information with respect to HLR that has not been generally disclosed.

3. On May 6, 2004, HLR issued and filed on SEDAR a press release disclosing that it will not be in a position to file its annual financial statements (and related MD&A) for the year ended December 31, 2003, its interim financial statements (and related MD&A) for the three months ended March 31, 2004 or its Annual Information Form on a timely basis as prescribed by Ontario securities law.

4. HLR has failed to file its interim statements (and interim Management's Discussion & Analysis related thereto) for the three-month period ended March 31, 2004 as required to be filed under Ontario securities law on or before May 15, 2004.

5. HLR is currently engaged in a strategic process as described in the material change report of HLR dated November 27, 2003 (the "Strategic Process"). The Strategic Process has been commenced by the board of directors of HLR and is being conducted through HLR's financial advisor, Lazard Frères & Co. LLC, to pursue a range of alternative strategic transactions for HLR. The Strategic Process may involve the sale or reorganization of all or a part of HLR's business and other possible transactions by means that may include asset sales, share sales or a merger, amalgamation, arrangement, business combination or other reorganization.

6. Hollinger Inc. ("Hollinger") is, directly and indirectly, the largest voting shareholder of HLR and is a reporting issuer in the Province of Ontario. On April 5, 2004, Hollinger filed a material change report disclosing that it had entered into an agency agreement in respect of a proposed offering and sale of up to 20,096,919 subscription receipts (the "Subscription Receipts") of Hollinger at a price of CDN$10.50 per Subscription Receipt for gross proceeds of CDN$211 million (the "Subscription Receipt Offering"). On April 7, 2004, Hollinger issued and filed a press release and material change report announcing the closing of the offering of Subscription Receipts. As described in the above-mentioned material change reports, the gross proceeds from the sale of the Subscription Receipts will be held in escrow for a certain period following the closing of the Subscription Receipt Offering, pending the satisfaction of certain escrow conditions. The satisfaction of certain of these escrow conditions may constitute or involve trades in securities of Hollinger and/or HLR.

7. It would be prejudicial to the public interest to allow the Respondents to trade in the securities of HLR, except as described below, until such time as all disclosure required by Ontario securities law has been made by HLR.

8. It is therefore in the public interest that an order be issued that all trading, whether direct or indirect, by the Respondents in the securities of HLR, with the exception of

   a) any trade in securities of HLR contemplated by or in connection with the Subscription Receipt Offering (including without limitation any transfers or conversions of any securities of HLR in connection with satisfying redemptions or retractions of any securities of Hollinger pursuant to a retraction request initiated by a person other than a Respondent); and

   b) any trade in securities of HLR contemplated by or in connection with any transaction directly or indirectly resulting or arising from the Strategic Process;

   shall cease until two full business days following the receipt by the Commission of all filings HLR is required to make pursuant to Ontario securities law.

May 18, 2004.

Schedule "A"

509645 N.B. Inc.
509646 N.B. Inc.
1269940 Ontario Limited
2753421 Canada Limited
Amiel Black, Barbara
Argus Corporation Limited
Atkinson, Peter Y.
Bassett, Douglas G.
Black, Conrad M. (Lord)
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Burt, The Hon. Richard
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Cruickshank, John
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Loye, Linda
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McCarthy, Helen
Meitar, Shmuel
O'Donnell-Kennan, Niamh
Paris, Gordon
Perle, The Hon. Richard N.
Radler, F. David
The Ravelston Corporation Limited
Rohmer, Richard, OC, QC
Ross, Sherrie L.
Sabia, Maureen J.
Samila, Tatiana
Savage, Graham
Seitz, The Hon. Raymond G.H.
Smith, Robert T.
Stevenson, Mark
Thompson, The Hon. James R.
Van Horn, James R.
Walker, Gordon W.
White, Peter G.

1.3 News Releases

1.3.1 OSC Issues Management Cease Trade Order against Nortel Insiders

FOR IMMEDIATE RELEASE
May 17, 2004

OSC ISSUES MANAGEMENT CEASE TRADE ORDER AGAINST NORTEL INSIDERS

TORONTO – The Director has today made a temporary order under paragraph 2 of subsection 127(1) and subsection 127(5) of the Act that all trading by certain directors, officers and insiders of Nortel Networks Corporation and Nortel Networks Limited in securities of Nortel Networks Corporation and Nortel Networks Limited cease. A hearing to continue the temporary order will be held at the offices of the Commission on May 31, 2004 commencing at 10:00 a.m.

For further information, please see the attached Temporary Order, Statement of Allegations and Notice of Hearing.

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)

1.3.2 Notice of the Office of the Secretary in the Matter of Certain Directors, Officers and Insiders of Hollinger International Inc. and Certain Directors, Officers and Insiders of Hollinger Inc.

FOR IMMEDIATE RELEASE
May 18, 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

IN THE MATTER OF
CERTAIN DIRECTORS, OFFICERS AND INSIDERS OF HOLLINGER INTERNATIONAL INC.
(BEING THE INDIVIDUALS AND ENTITIES LISTED IN SCHEDULE "A" HERETO)

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

AND

IN THE MATTER OF
CERTAIN DIRECTORS, OFFICERS AND INSIDERS OF HOLLINGER INC.
(BEING THE INDIVIDUALS AND ENTITIES LISTED IN SCHEDULE "A" HERETO)

TORONTO – A Notice of Hearing has been issued by the Secretary to the Commission in the matter of Certain Directors, Officers and Insiders of Hollinger International Inc. and in the matter of Certain Directors, Officers and Insiders of Hollinger Inc. respectively

A copy of the Notice of Hearing along with the Statement of Allegations is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
ROSE GOMME
A/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 Donald Parker

FOR IMMEDIATE RELEASE
May 18, 2004

NOTICE FROM THE OFFICE OF THE SECRETARY

IN THE MATTER OF
DONALD PARKER

TORONTO – The Ontario Securities Commission approved a Settlement Agreement between Donald Parker and the Commission at a hearing today.

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

OFFICE OF THE SECRETARY
DAISY ARANHA
A/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)

1.3.4 Approach Mini-Tenders with Caution, Warns Regulator

FOR IMMEDIATE RELEASE
May 19, 2004

APPROACH MINI-TENDERS WITH CAUTION, WARNS REGULATOR.

TORONTO – The Ontario Securities Commission (OSC), concerned that investors might be selling stock at below-market price based on misleading information, reminds investors to carefully review any offer for their shares. Firms or individuals (offerors) who seek to buy shares at below-market price should warn shareholders that the offer price is below the market price and clearly calculate the final price to be paid for the shares. In addition, they should describe investors' right to withdraw from the offer, known as a mini-tender.

How do mini-tenders work?

Shareholders receive an offer for their shares, usually at a price that is much lower than the market price of the shares. The mini-tender offeror tries to buy less than 20% of the target company's shares so they don't have to file documents with the securities commissions, or communicate with shareholders. They profit by selling the shares on the open market at a higher price.

Mini-tenders should not be confused with take-over bids, which involve larger numbers of shares. Once you agree to a mini-tender you are normally locked into the deal, but in a take-over bid you may be able to change your mind. Another difference between mini-tenders and take-over bids is that the target company doesn't need to tell its shareholders about the mini-tender offer. In a take-over bid the company must notify all shareholders.

What are the risks?

You may misunderstand the offer and feel pressured to sell the shares at the offer price, or not realize that the offer price is lower than what you could get by selling the shares on the open market. Offerors that rely on such misunderstandings may be violating the anti-fraud provisions of securities law.

The offeror can terminate its offer at any time, delay payment for the shares, and change the offer. They may decide not to buy the shares at the last minute. Mini-tenders usually benefit the offeror at the expense of investors.

Why would anyone participate in a mini-tender?

You might participate to avoid brokerage commissions that would make selling the shares very costly, such as when you sell a small number of shares, or when the shares are hard to sell. Check with your adviser to see if a mini-tender is in your best interests.

Some tips:

- Understand how it works, before you sign. Is the offer is a mini-tender or a take-over bid? Call the OSC Contact Centre at 1-877-785-1555 for assistance.

- Check the market price of your shares. You can get this information in daily newspapers, online, or from your adviser. Compare the market price with the offer price.

- Don't give in to high pressure sales tactics. Research the offer and the current value of your shares.

If you suspect a scam, call the Ontario Securities Commission at 1-877-785-1555. Learn more about investment fraud and other investment topics on-line at www.investorED.ca.

For Media Inquiries: Perry Quinton
Manager, Investor Communications
416-593-2348

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

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 R Split II Corp. and Scotia Capital Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – subdivided offering – 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 – issuer's portfolio consisting of units of common shares of the Royal Bank of Canada.

Statutes Cited

Securities Act, R.S.O., c. S.5, as amended, s. 119, subclause 121(2)(a)(ii).

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

AND

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

AND

IN THE MATTER OF
R SPLIT II CORP. AND SCOTIA CAPITAL INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application (the "Application") from R Split II Corp. (the "Company") and Scotia Capital Inc. ("Scotia Capital") (collectively, the "Filer") for decisions under the securities legislation of the Jurisdictions (the "Legislation") that the prohibitions contained therein prohibiting trading in portfolio shares by persons or companies having information concerning investment programs of mutual funds (the "Principal Trading Prohibitions") shall not apply to the Company and Scotia Capital in connection with the Principal Sales and Principal Purchases (both as hereinafter defined) in connection with the initial public offering (the "Offering") of Class A capital shares (the "Capital Shares") and class A preferred shares (the "Preferred Shares") of the Company by Scotia Capital and such other agents as may be appointed (collectively, the "Agents").

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 on in Québec Commission Notice 14-101;

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

1. The Company was incorporated on March 8, 2004 and has its principal office at 40 King Street West, Scotia Plaza, 26th Floor, Box 4085, Station A, Toronto, Ontario, M5W 2X6.

2. The Company is a passive investment company whose principal undertaking will be to invest the net proceeds of the Offerings in a portfolio of common shares (the "Royal Bank Shares") of Royal Bank of Canada in order to generate fixed cumulative preferential distributions 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 Royal Bank Shares. The Royal Bank Shares will be the only material assets of the Company. The Royal Bank Shares are listed and traded on the TSX.

3. The Company is considered to be a mutual fund as defined in subsection 1(1) of the Act. Since the Company does not operate as a conventional mutual fund, it has made application for a waiver from certain requirements of National Instrument 81-102.

4. The Company has a Board of Directors which currently consists of three directors. All of the directors are employees of Scotia Capital or one of its affiliates. Also, the offices of the President/Chief Executive Officer and Chief Financial Officer/Secretary of the Company are held by employees of Scotia Capital or one of its affiliates. Prior to filing a final prospectus (the "Final Prospectus"), it is contemplated that at least three additional directors, independent of Scotia Capital, will be appointed to the Board of Directors of the Company.

5. Application has been made to list the Capital Shares and Preferred Shares on the Toronto Stock Exchange ("TSX").

6. Scotia Capital is registered under the Act 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.

7. Scotia Capital is the promoter of the Company and will be establishing a credit facility in favour of the Company in order to facilitate the acquisition of the Royal Bank Shares (as defined below) by the Company.

8. Pursuant to an administration agreement (the "Administration Agreement") to be entered into, the Company will retain Scotia Capital to administer the ongoing operations of the Company and will pay Scotia Capital a quarterly administration fee equal to ¼ of 0.20% of the market value of the Royal Bank Shares.

9. Scotia Capital's economic interest in the Company and in the material transactions involving the Company are disclosed in the preliminary prospectus (the "Preliminary Prospectus") and will be disclosed in the Final Prospectus under the heading "Interest of Management and Others in Material Transactions" and include the following:

   (i) agency fees with respect to the Offerings;

   (ii) an administration fee under the Administration Agreement;

   (iii) commissions in respect of the disposition of Royal Bank Shares to fund a redemption or retraction, or the purchase for cancellation, of the Capital Shares and Preferred Shares or to fund a portion of the fixed distribution on the Preferred Shares;

   (iv) interest and reimbursement of expenses, in connection with the acquisition of the Royal Bank Shares; and

   (v) in connection with Principal Sales and Principal Purchases (as described in paragraphs 19 and 25 below).

10. It will be the policy of the Company to hold the Royal Bank Shares and to not engage in any trading of the Royal Bank Shares, except:

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

   (ii) to fund a portion of the fixed distribution on the Preferred Shares; or

   (iii) following receipt of stock dividends on the Royal Bank Shares; or

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

Issuance of Capital Shares and Preferred Shares

11. The Company intends to become a reporting issuer under the Act by filing the Final Prospectus relating to the Offerings. Prior to the filing of the Final Prospectus, the Articles of the Company will be amended so that the authorized capital of the Company will consist of an unlimited number of Capital Shares, an unlimited number of Preferred Shares, an unlimited number of Class B, Class C, Class D and Class E capital shares, issuable in series, none of which are issued and outstanding, an unlimited number of Class B, Class C, Class D and Class E preferred shares, issuable in series, none of which are issued and outstanding, and an unlimited number of Class J Shares and Class S Shares issuable in series, of which 150 Class J Shares and 100 Class S Shares are issued and outstanding.

12. The Class J Shares will be the only voting shares in the capital of the Company. There will be at the time of filing the Final Prospectus 150 Class J Shares issued and outstanding, all of which will be owned by a newly incorporated company ("Holdco"). The independent directors will each own an equal number of the issued and outstanding common shares of Holdco.

13. The Capital Shares and Preferred Shares may be surrendered for retraction at any time in the manner described in the Preliminary Prospectus.

14. All Capital Shares and Preferred Shares outstanding on a date approximately five years from the closing of the Offering (the "Redemption Date") will be redeemed by the Company on such date and Preferred Shares will be redeemable at the option of the Company on any Annual Retraction Payment Date (as described in the Preliminary Prospectus).

Principal Trades

15. The Company has filed with the securities regulatory authorities of each province and territory of Canada a Preliminary prospectus dated March 9, 2004 in respect of the Offerings of Capital Shares and Preferred Shares to the public.

16. Scotia Capital will be a significant maker of markets for Capital Shares and Preferred Shares, although it is anticipated that Scotia Capital will be appointed the registered pro-trader by the TSX with respect to the Company. As a result, Scotia Capital will, from time to time, purchase and sell Capital Shares and Preferred Shares as principal

and trade in such securities as agent on behalf of its clients, the primary purpose of such trades (the "Market Making Trades") being to provide liquidity to the holders of Capital Shares and Preferred Shares. All trades made by Scotia Capital as principal will be recorded daily by the TSX.

17. Pursuant to an agreement (the "Agency Agreement") to be made between the Company and Scotia Capital and such other agents as may be appointed after the date of this application (collectively, the "Agents" and individually, an "Agent"), the Company will appoint the Agent(s) as its agent(s) to offer the Capital Shares and Preferred Shares of the Company on a best efforts basis and the Final Prospectus qualifying the Offering will contain a certificate signed by each of the Agent(s) in accordance with section 59 of the Act.

18. It is not known at this time what proportions of the Offerings will be sold by additional agents other than Scotia Capital.

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

20. The Preliminary Prospectus discloses and the Final Prospectus will disclose, that if the Principal Sales are made by Scotia Capital, as principal, to the Company, that any Royal Bank Shares acquired by the Company from Scotia Capital, as principal, will be purchased in accordance with the rules of the applicable stock exchange and the price paid (inclusive of all transaction costs, if any) to Scotia Capital 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 Royal Bank Shares are listed and posted for trading at the time of purchase from Scotia Capital. No commissions will be paid to Scotia Capital in respect of any Principal Sales.

21. For the reasons set forth in paragraph 19 above, and the fact that no commissions are payable to Scotia Capital in connection with the Principal Sales, in the case of the Principal Sales, the interests of the Company and the shareholders of the Company may be enhanced by insulating the Company from price increases in respect of the Royal Bank Shares.

22. None of the Royal Bank Shares to be sold by Scotia Capital as principal to the Company have been acquired, nor has Scotia Capital agreed to acquire, any Royal Bank Shares while Scotia Capital had access to information concerning the investment program of the Company, although certain of the Royal Bank Shares to be held by the Company may be acquired or Scotia Capital may agree to acquire such Royal Bank Shares on or after the date of this MRRS Decision Document.

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

24. The net proceeds from the offering of the Capital Shares and the Preferred Shares (after deducting the Agent(s)' fees, expenses of the issue and the Company's interest and other expenses relating to the acquisition of the Royal Bank Shares) will be used by the Company to fund the purchase of the Royal Bank Shares.

25. In connection with the services to be provided by Scotia Capital to the Company pursuant to the Administration Agreement, Scotia Capital may sell Royal Bank Shares to fund retractions of Capital Shares and Preferred Shares prior to the Redemption Date, to fund a portion of the fixed distribution on the Preferred Shares and upon liquidation of the Royal Bank Shares prior to the Redemption Date. These sales will be made by Scotia Capital as agent on behalf of the Company. Subject to the receipt of all necessary regulatory approval, in certain circumstances such as where a small number of Capital Shares and Preferred Shares have been surrendered for retraction, Scotia Capital may also purchase Royal Bank Shares as principal (the "Principal Purchases").

26. In connection with any Principal Purchases, Scotia Capital 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 Scotia Capital may realize a gain or loss on the resale of such securities.

27. The Administration Agreement will provide that Scotia Capital must take reasonable steps, such as soliciting bids from other market participants or such other steps as Scotia Capital, in its discretion, considers appropriate after taking into account prevailing market conditions and other relevant factors, to enable the Company to obtain the best price reasonably available for the Royal Bank Shares so long as the price obtained (net of all transaction costs, if any) by the Company from Scotia Capital is more or at least as advantageous to the Company 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.

28. Scotia Capital will not receive any commissions from the Company in connection with Principal Purchases and, in carrying out the Principal Purchases, Scotia Capital shall deal fairly, honestly and in good faith with the Company.

Pricing of Royal Bank Shares

29. The Final Prospectus will disclose the acquisition cost of the Royal Bank Shares and selected information with respect to the dividend history and trading history of the Royal Bank Shares.

Transparency

30. Scotia Capital does not have any knowledge of a material fact or material change with respect to the issuer of the Royal Bank Shares which has not been disclosed to the public.

Review by Independent Directors

31. All Principal Sales will be approved by at least two of the three independent directors of the Company. Scotia Capital will undertake to the Company to reverse any such transactions if such approval is not received.

32. The Company is not, and will not upon the completion of the Offerings, be an insider of the issuer of the Royal Bank Shares within the meaning of subsection 1(1) of the Act.

33. The acquisition of Royal Bank Shares represents the business judgment of the Board, uninfluenced by considerations other than the best interests of the Company.

34. In the absence of this decision (the "Decision"), Scotia Capital is prohibited from selling Royal Bank Shares to the Company.

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 the Principal Trading Prohibitions shall not apply to R Split II Corp. or Scotia Capital in connection with the Principal Sales and Principal Purchases.

May 7, 2004.

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

2.1.2 Optimal Group Inc. - MRRS Decision

Headnote

MRRS for Exemption Relief Applications – Issuer exempt from certain qualification criteria of NI 44-101.

National Instruments Cited

National Instrument 44-101 Short Form Prospectus Distributions.

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

AND

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

AND

IN THE MATTER OF
OPTIMAL GROUP INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador as well as the Northwest Territories, Nunavut and Yukon (collectively, the "Jurisdictions") has received an application from Optimal Group Inc. (formerly known as Optimal Robotics Corp.) ("Optimal") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the qualification criteria (the "Eligibility Requirement") contained in sections 2.2(3) and 2.3(3) of National Instrument 44-101 *Short Form Prospectus Distributions* ("NI 44-101") shall not apply to Optimal in order to permit Optimal to file prospectuses (each a "Short Form Prospectus") in the form of Form 44-101F3 *Short Form Prospectus*;

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 Optimal has represented to the Decision Makers that:

1. Optimal is a corporation continued under the *Canada Business Corporations Act*. Its head office is located at 1 Place Alexis-Nihon, 3400 de Maisonneuve Blvd. West, 12th Floor, Montréal, Québec, H3Z 3B8.

2. Optimal is, and has been for the last 12 months, a reporting issuer in Ontario and is not on the list of reporting issuers in default in that jurisdiction. Optimal is also reporting issuer in British Columbia, Alberta and Québec and is not on the list of reporting issuers in default in those jurisdictions. Optimal became a reporting issuer in British Columbia and Québec upon the completion, effective April 6, 2004, of a three-cornered amalgamation between its wholly-owned subsidiary, Optimal Payments Inc., and Terra Payments Inc. ("Terra"), pursuant to which each common share of Terra was exchanged for 0.4532 of a Class "A" share ("Optimal Shares") of Optimal. As a result of Optimal filing in British Columbia, Ontario, Québec and Alberta its annual information form for the year ended December 31, 2003 as an initial AIF under NI 44-101, which was accepted for filing on April 20, 2004, Optimal became a reporting issuer in Alberta. Optimal is also subject to the reporting requirements of the *Securities Exchange Act of 1934*, as amended, of the United States and is not in default of any requirement of the federal securities laws of the United States.

3. Optimal changed its name from "Optimal Robotics Corp." to "Optimal Group Inc." on April 7, 2004 by amending its articles of continuance following the approval of such amendment by its shareholders at a meeting held on April 6, 2004.

4. The authorized capital of Optimal consists of an unlimited number of Optimal Shares, an unlimited number of Class "B" shares and an unlimited number of Class "C" shares. As of the close of business on April 28, 2004, there were 22,178,403 Optimal Shares and no Class "B" or Class "C" shares issued and outstanding.

5. The Optimal Shares are quoted for trading on The NASDAQ Stock Market ("NASDAQ") under the symbol "OPMR", but are not listed and posted for trading on any stock exchange in Canada.

6. Optimal is not qualified to file a Short Form Prospectus because the Optimal Shares are quoted for trading on NASDAQ and are not listed and posted for trading on an exchange in Canada, as required under sections 2.2(3) and 2.3(3) of NI 44-101.

7. The aggregate market value of Optimal Shares quoted for trading on NASDAQ was Cdn$216,000,000 on April 28, 2004, which was in excess of Cdn $75,000,000 (on the basis of Cdn$1.3745 = US$1.00).

8. Optimal does not currently intend to file a Short Form Prospectus in the near future.

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 Optimal is exempt from the Eligibility Requirement to file a Short Form Prospectus, provided that, at the relevant time:

(a) Optimal complies with all other applicable requirements, procedures and qualification criteria of NI 44-101 except for section 2.2(3) or 2.3(3) of NI 44-101; and

(b) the aggregate market value of Optimal Shares quoted for trading on NASDAQ on a date within 60 days before the date of filing by Optimal of a preliminary short form prospectus under NI 44-101, is:

(i) at least Cdn$75,000,000 (at the exchange rate on that date) if Optimal is relying on section 2.2 of NI 44-101; or

(ii) at least Cdn$300,000,000 (at the exchange rate on that date) if Optimal is relying on section 2.3 of NI 44-101.

May 12, 2004.

"Charlie MacCready"

2.1.3 Winston Acquisition Corp. and InterTAN, Inc. - MRRS Decision

Headnote

NI 71-101 – Take-over bid made in the U.S. in accordance with U.S. securities laws and in Canada pursuant to Part 12 of NI 71-101 – Exemption from the requirement to send a notice of change and notice of variation to the MJDS take-over bid circular to shareholders in Canada and from the requirement to send a notice of change to the MJDS directors' circular to shareholders in Canada. Mailing not required in the U.S. None of the resulting changes to the MJDS take-over bid circular and none of the changes to the MJDS directors' circular, individually or in the aggregate, would reasonably be expected to affect the decision of the holders of shares to accept or reject the offer. Holders of shares in the U.S. and in Canada are being treated equally.

National Instrument Cited

National Instrument 71-101 The Multijurisdictional Disclosure System, ss. 12.15, 12.16 and 21.1.

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

AND

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

AND

IN THE MATTER OF
WINSTON ACQUISITION CORP., AND CIRCUIT CITY STORES, INC.

AND

IN THE MATTER OF
INTERTAN, INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, Prince Edward Island, New Brunswick, Newfoundland and Labrador and in The Territories Of Nunavut, Northwest Territories and the Yukon (the "Jurisdictions") has received an application from Winston Acquisition Corp. (the "Offeror") on behalf of itself and its parent company Circuit City Stores, Inc. ("Circuit City") and InterTAN, Inc. ("InterTAN" and, together with the Offeror and Circuit City, collectively referred to as the

"Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that

(a) the Offeror is exempt from the requirement to send a notice of change and notice of variation to the MJDS take-over bid circular, in each case, to holders of Shares (as such term is defined below) in Canada; and

(b) the board of directors of InterTAN is exempt from the requirement to send a notice of change to the MJDS directors' circular, to the holders of Shares in Canada.

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 71-101 – *The Multijurisdictional Disclosure System* ("NI 71-101");

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

1. The Offeror, a Delaware Corporation, has made an offer (the "Offer") to purchase all outstanding shares of common stock of InterTAN (the "Shares").

2. The Offeror is a wholly-owned subsidiary of Circuit City, a Virginia corporation.

3. The Offeror was incorporated solely for the purposes of making the Offer on behalf of Circuit City.

4. InterTAN is a U.S. issuer incorporated in the State of Delaware.

5. InterTAN is not registered or required to be registered as an investment company under the *Investment Company Act of 1940* of the United States of America.

6. InterTAN is not a commodity pool issuer.

7. The Offer is subject to Section 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and the rules and regulations promulgated thereunder, and is not exempt from the 1934 Act or such rules and regulations.

8. The Offer has been made to all holders of the Shares in Canada and the U.S. The Offer has been made to holders resident in Canada on the same terms and conditions as it has been made to holders resident in the U.S.

9. Less than 40 percent of the Shares are held by persons or companies whose last address as shown on InterTAN's books is in Canada.

10. On April 13, 2004, the Offeror commenced the Offer by: (i)(a) filing with the United States Securities and Exchange Commission (the "SEC") a Schedule TO, an offer to purchase, a letter of transmittal and certain related materials and (b) in Canada, filing with the Decision Maker in each of the Jurisdictions through SEDAR, a MJDS take-over bid circular, which circular was prepared in accordance with U.S. federal securities laws; and (ii) mailing the offer to purchase and the letter of transmittal, together with related materials required to be sent to U.S. shareholders under applicable U.S. federal securities laws, to all holders of Shares in the United States and Canada.

11. Unless the Offer is extended in accordance with its terms, the Offer will expire on May 11, 2004.

12. The board of directors of InterTAN, having elected in accordance with section 12.5 of NI 71-101 to comply with Part 12 of NI 71-101 instead of the securities legislation otherwise applicable, prepared and filed: (i) with the SEC a Schedule 14D-9; and (ii) with the Decision Maker in each of the Jurisdictions, through SEDAR, a MJDS directors' circular, which circular was prepared in accordance with U.S. federal securities laws.

13. The Offeror received comments on the Schedule to an MJDS take-over bid circular from the SEC. The SEC instructed the Offeror to file and submit a response letter via EDGAR noting the location of any changes to the MJDS take-over bid circular.

14. InterTAN received comments on the MJDS directors' circular from the SEC. The SEC instructed InterTAN to file and submit a response letter via EDGAR noting the location of any changes to the MJDS directors' circular.

15. The Offeror filed a response letter to the SEC addressing the SEC's comments. An amendment to the Schedule TO ("Amendment No. 1") was also filed, which amended and supplemented certain sections of the MJDS take-over bid circular. The Offeror noted in its response letter the sections of the MJDS take-over bid circular that were amended and supplemented by Amendment No. 1.

16. The Offeror issued a press release announcing that it had received Canadian antitrust clearance for its proposed acquisition of InterTan and that the U.S. Federal Trade Commission had determined that the transaction is not subject to premerger antitrust review under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976. A second amendment to the Schedule TO

("Amendment No. 2") was filed with the SEC attaching the press release.

17. None of the resulting changes to the MJDS take-over bid circular, individually or in the aggregate, would reasonably be expected to affect the decision of the holders of Shares to accept or reject the Offer.

18. InterTAN filed a response letter to the SEC addressing the SEC's comments on the MJDS directors' circular and noting the location of changes to the MJDS directors' circular. An amendment to the Schedule 14D-9 ("14D-9 Amendment") was also filed, which amended and supplemented certain sections of the MJDS directors' circular.

19. None of the resulting changes to the MJDS directors' circular, individually or in the aggregate, would reasonably be expected to affect the decision of the holders of Shares to accept or reject the Offer.

20. Under U.S. federal securities laws, the Offeror and InterTAN are required to file the revised Schedule TO (which amended and supplemented certain sections of the MJDS take-over bid circular) and the revised Schedule 14D-9 (i.e. the MJDS directors' circular), respectively, on EDGAR. However, when, as in this case, the changes do not constitute a material change to the information previously published, sent or given to security holders, the Offeror and InterTAN are not required under U.S. federal securities laws to disseminate the changed information to holders of Shares.

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 NI 71-101 is that (i) the requirement to send to holders of Shares in Canada, a notice of change and notice of variation relating to those changes made to the MJDS take-over bid circular in Amendment No. 1 and Amendment No. 2 shall not apply to the Offeror and (ii) the requirement to send to holders of Shares in Canada, the notice of change relating to those changes made to the MJDS directors' circular in the 14D-9 Amendment shall not apply to the board of directors of InterTAN.

May 10, 2004.

"Paul M. Moore" "Suresh Thakrar"

2.1.4 Peak Energy Services Trust et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications. Relief from continuous disclosure requirements granted in connection with an arrangement, subject to conditions.

Applicable Ontario Instrument

National Instrument 51-102 Continuous Disclosure Obligations.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, BRITISH COLUMBIA, 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
PEAK ENERGY SERVICES TRUST, PEAK ENERGY SERVICES LTD. AND PEAK ACQUISITION CORP.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (collectively, the "**Decision Makers**") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Nova Scotia and Newfoundland and Labrador (the "**Jurisdictions**") has received an application from Peak Energy Services Trust (the "**Trust**"), Peak Energy Services Ltd. ("**Peak**") and Peak Acquisition Corp. ("**AcquisitionCo**") for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that AcquisitionCo (or its successor on amalgamation with Peak, "**AmalgamationCo**"), be granted an exemption from National Instrument 51-102 Continuous Disclosure Obligations ("**NI 51-102**"), in its entirety, and further be granted an exemption from any comparable continuous disclosure requirements under the Legislation of the Jurisdictions that has not yet been repealed or otherwise rendered ineffective as a consequence of the adoption of NI 51-102 (collectively, the "**Continuous Disclosure Requirements**");

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

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

AND WHEREAS the Trust, Peak and AcquisitionCo have represented to the Decision Makers that:

1. Peak is a corporation incorporated and subsisting pursuant to the provisions of the *Business Corporations Act* (Alberta) (the "**ABCA**");

2. the head and principal office of Peak is located at 1800, 530 – 8th Avenue S.W., Calgary, Alberta, T2P 3S8, and its registered office is located at 1400, 350 –7th Avenue S.W., Calgary, Alberta T2P 3N9;

3. Peak is a Canadian oil field service company providing drilling and production services to the western Canadian oil and gas industry;

4. the authorized capital of Peak consists of an unlimited number of common shares (the "**Common Shares**");

5. as at March 30, 2004, 39,034,924 Common Shares were issued and outstanding. Peak has also reserved a total of 2,102,200 Common Shares for issuance pursuant to outstanding options to purchase Common Shares (the "**Options**");

6. the Common Shares are listed on the Toronto Stock Exchange (the "**TSX**");

7. Peak is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador and has been for more than 12 months in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario;

8. Peak has filed all the information that it has been required to file as a reporting issuer in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador and is not in default of the securities legislation in any of these jurisdictions;

9. the Trust is an open-end unincorporated investment trust governed by the laws of the Province of Alberta and created pursuant to a trust indenture dated March 26, 2004 between Peak and Valiant Trust Company, as trustee;

10. the Trust was established for the purpose of, among other things:

    (a) participating in a proposed plan of arrangement (the "**Plan**") under section 193 of the ABCA (the "**Arrangement**") and other matters contemplated by an arrangement agreement (the "**Arrangement Agreement**") dated March 30, 2004 among Peak, AcquisitionCo, Peak ExchangeCo Ltd. ("**ExchangeCo**"), the Trust and Peak Commercial Trust ("**PCT**");

    (b) investing in securities of PCT, AcquisitionCo, ExchangeCo or any other subsidiary of the Trust and acquiring certain securities of AcquisitionCo and PCT pursuant to the Plan, which investments are for the purpose of funding the acquisition, development, exploitation and disposition of all types of energy services related assets and services, including without limitation, facilities of any kind, oil and gas services assets, oil sands services assets, electricity or power generating services assets and pipeline, gathering, processing and transportation services assets (collectively, "**Energy Services Assets**");

    (c) acquiring or investing in the securities of any other entity, including bodies corporate, partnerships or trusts, and borrowing funds or otherwise obtaining credit, including granting guarantees, for that purpose, for the purpose of directly or indirectly acquiring Energy Services Assets; and

    (d) making loans or other advances to PCT and/or AmalgamationCo to finance future acquisitions and capital expenditures;

11. the head and principal office of the Trust is located at Suite 1800, 530 - 8th Avenue S.W., Calgary, Alberta, T2P 3S8;

12. the Trust was established with nominal capitalization and currently has only nominal assets and no liabilities. The only activity which will initially be carried on by the Trust will be the holding of securities of PCT, ExchangeCo and, indirectly, AcquisitionCo;

13. the Trust is authorized to issue an unlimited number of trust units (the "**Trust Units**") and an unlimited number of special voting rights (the "**Special Voting Rights**");

14. as of the date hereof, there are ten (10) Trust Units issued and outstanding, which are owned by Peak, and no Special Voting Rights are outstanding;

15. the Trust has obtained the conditional approval of the TSX for the listing on the TSX of the Trust Units to be issued in connection with the Arrangement subject to, among other things, completion of the Arrangement. The Trust Units issuable from time to time in exchange for the exchangeable shares of AmalgamationCo (the

"**Exchangeable Shares**") will also be listed on the TSX, subject to receipt of final approval from the TSX;

16. the Trust is not a reporting issuer in any of the Jurisdictions;

17. AcquisitionCo is an indirect, wholly-owned subsidiary of the Trust and was incorporated pursuant to the ABCA on March 9, 2004. AcquisitionCo was incorporated to participate in the Arrangement by acquiring the Common Shares of Peak (other than those held by dissenting holders of Common Shares ("**Shareholders**"));

18. the head and principal office of AcquisitionCo is located at 1800, 530 - 8th Avenue S.W., Calgary, Alberta, T2P 3S8 and its registered office is located at 1400, 350 - 7th Avenue S.W., Calgary, Alberta, T2P 3N9;

19. the authorized capital of AcquisitionCo currently consists of an unlimited number of common shares. Prior to the Arrangement, the articles of AcquisitionCo will be amended to create the Exchangeable Shares;

20. as of the date hereof there is one (1) common share of AcquisitionCo issued and outstanding, which is indirectly owned by the Trust. All common shares of AmalgamationCo will be owned beneficially (directly or indirectly) by the Trust, for as long as any outstanding Exchangeable Shares are owned by any person other than the Trust or any of the Trust's subsidiaries and other affiliates;

21. AcquisitionCo is not a reporting issuer in any of the Jurisdictions;

22. the Arrangement will require: (i) approval by not less than two-thirds of the votes cast by the Shareholders and the holders of Options ("**Optionholders**") (present in person or represented by proxy), voting together as a single class, at the meeting of Shareholders and Optionholders to be held on April 28, 2004 to consider the Arrangement (the "**Meeting**"), and thereafter; (ii) approval of the Court of Queen's Bench of Alberta (the "**Court**");

23. the information circular and proxy statement of Peak (the "**Information Circular**") delivered to Shareholders and Optionholders (collectively, the "**Securityholders**") in connection with the Meeting contains prospectus-level disclosure concerning the respective business and affairs of Peak, the Trust and AmalgamationCo and a detailed description of the Arrangement, and has been mailed to Securityholders in connection with the Meeting. The Information Circular has been prepared in conformity with the provisions of the ABCA and applicable securities laws and policies;

24. the Arrangement provides for a transaction where, commencing at the time (the "**Effective Time**") the Arrangement takes effect, which is expected to be on May 1, 2004 (the "**Effective Date**"), the events set out below shall be deemed to occur in the following order:

    (a) Peak's shareholder rights plan shall be terminated and be of no further force or effect and any and all rights issued pursuant to Peak's shareholder rights plan shall be cancelled, void and of no further force or effect;

    (b) the Common Shares and Options held by dissenting Securityholders who have exercised dissent rights which remain valid immediately prior to the Effective Time shall, as of the Effective Time, be deemed to have been transferred to AcquisitionCo and be cancelled and cease to be outstanding, and as of the Effective Time, such dissenting Securityholders shall cease to have any rights as securityholders of AcquisitionCo other than the right to be paid the fair value of their Common Shares or Options;

    (c) each issued and outstanding Common Share (other than Common Shares held by dissenting Shareholders) shall be exchanged with AcquisitionCo, in accordance with the election or deemed election of the holder of such Common Share:

        (i) on the basis of one unsecured, subordinated promissory note (a "**Note**") of AcquisitionCo for each two Common Shares held;

        (ii) on the basis of one Exchangeable Share for each two Common Shares held; or

        (iii) for a combination of Notes and Exchangeable Shares;

    (d) all unexercised Options (other than Options held by dissenting Optionholders), if any, will be cancelled and the Optionholders thereof shall be entitled to receive from Peak in respect of each such Option a specified amount in cash;

    (e) one hour after the Effective Time, each Note shall be exchanged with the Trust for one Trust Unit;

(f) the Trust will transfer the Notes to PCT in consideration for notes of PCT and units of PCT in a 99:1 ratio;

(g) Peak and AcquisitionCo shall be amalgamated and continued as one corporation, AmalgamationCo, in accordance with the following:

(i) the shares of Peak, all of which are owned by AcquisitionCo, shall be cancelled without any repayment of capital;

(ii) the articles of AmalgamationCo shall be the same as the articles of AcquisitionCo, and the name of AmalgamationCo shall be "Peak Energy Services Ltd.";

(iii) no securities shall be issued by AmalgamationCo in connection with the amalgamation and for greater certainty, the common shares, Notes and Exchangeable Shares of AcquisitionCo shall survive and continue to be common shares, Notes and Exchangeable Shares of AmalgamationCo without amendment;

(iv) the property of each of the amalgamating corporations shall continue to be the property of AmalgamationCo;

(v) the stated capital of the Common Shares of Peak shall be reduced to $1.00 in aggregate immediately prior to the amalgamation;

(vi) AmalgamationCo shall continue to be liable for the obligations of each of the amalgamating corporations;

(vii) any existing cause of action, claim or liability to prosecution of either of the amalgamating corporations shall be unaffected;

(viii) any civil, criminal or administrative action or proceeding pending by or against either of the amalgamating corporations may be continued to be prosecuted by or against AmalgamationCo;

(ix) a conviction against, or ruling, order or judgment in favour of or against, either of the amalgamating corporations may be enforced by or against AmalgamationCo;

(x) the Articles of Amalgamation shall be deemed to be the Articles of Incorporation of AmalgamationCo and the Certificate of Amalgamation shall be deemed to be the Certificate of Incorporation of AmalgamationCo;

(xi) the by-laws of AmalgamationCo shall be the by-laws of AcquisitionCo;

(xii) the first directors of AmalgamationCo shall be the directors of Peak;

(xiii) the first officers of AmalgamationCo shall be the officers of Peak; and

(xiv) the registered office of AmalgamationCo shall be the registered office of Peak;

25. AmalgamationCo will become a reporting issuer under the Legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and Labrador, and will be subject to the Continuous Disclosure Requirements in such Jurisdictions;

26. the Trust will become a reporting issuer under the Legislation of British Columbia, Alberta, Saskatchewan, Ontario, Québec and Newfoundland and Labrador, and will be subject to the Continuous Disclosure Requirements in such Jurisdictions;

27. the Exchangeable Shares provide a holder with a security having economic and voting rights which are, as nearly as practicable, equivalent to those of the Trust Units;

28. under the terms of the Exchangeable Shares and certain rights to be granted in connection with the Arrangement, holders of Exchangeable Shares will be able to exchange them at their option for Trust Units;

29. under the terms of the Exchangeable Shares and certain rights to be granted in connection with the Arrangement, the Trust, ExchangeCo or AmalgamationCo will redeem, retract or otherwise acquire Exchangeable Shares in exchange for Trust Units in certain circumstances;

30. in order to ensure that the Exchangeable Shares remain the voting and economic equivalent of the Trust Units prior to their exchange, the Arrangement provides for:

    (a) a voting and exchange trust agreement to be entered into among the Trust, AcquisitionCo, ExchangeCo and Valiant Trust Company (the "**Voting and Exchange Agreement Trustee**") which will, among other things, (i) grant to the Voting and Exchange Agreement Trustee, for the benefit of holders of Exchangeable Shares, the right to require the Trust or ExchangeCo to exchange the Exchangeable Shares for Trust Units, and (ii) trigger automatically the exchange of the Exchangeable Shares for Trust Units upon the occurrence of certain specified events;

    (b) the deposit by the Trust of a Special Voting Right with the Voting and Exchange Agreement Trustee which will effectively provide the holders of Exchangeable Shares with voting rights equivalent to those attached to the Trust Units; and

    (c) a support agreement to be entered into among the Trust, AcquisitionCo, ExchangeCo and the Voting and Exchange Agreement Trustee which will, among other things, restrict the Trust from issuing or distributing to the holders of all or substantially all of the outstanding Trust Units:

        (i) additional Trust Units or securities convertible into Trust Units;

        (ii) rights, options or warrants for the purchase of Trust Units; or

        (iii) units or securities of the Trust other than Trust Units, evidences of indebtedness of the Trust or other assets of the Trust;

    unless the same or an equivalent distribution is made to holders of Exchangeable Shares, an equivalent change is made to the Exchangeable Shares, such issuance or distribution is made in connection with a distribution reinvestment plan instituted for holders of Trust Units or a unitholder rights protection plan approved for holders of Trust Units by the board of directors of AcquisitionCo, or the approval of holders of Exchangeable Shares has been obtained;

31. the Information Circular discloses that application will be made to relieve AmalgamationCo from the Continuous Disclosure Requirements;

32. the Trust will concurrently send to holders of Exchangeable Shares resident in the Jurisdictions all disclosure material it sends to holders of Trust Units pursuant to the Legislation; and

33. AmalgamationCo and its insiders will comply with the insider reporting requirement and the requirement to file an insider profile under National Instrument 55-102;

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 Continuous Disclosure Requirements of the Jurisdictions shall not apply to AmalgamationCo for so long as:

(a) the Trust is a reporting issuer in at least one of the jurisdictions listed in Appendix B of Multilateral Instrument 45-102 and is an electronic filer under National Instrument 13-101;

(b) the Trust sends to all holders of Exchangeable Shares resident in the Jurisdictions all disclosure material furnished to holders of Trust Units under the Continuous Disclosure Requirements;

(c) the Trust is in compliance with the requirements of any marketplace on which the securities of the Trust are listed or quoted in respect of making public disclosure of material information on a timely basis, and immediately issues and files any news release that discloses a material change in its affairs;

(d) AmalgamationCo issues a news release and files a material change report in accordance with Part 7 of NI 51-102 for all material changes in respect of the affairs of AmalgamationCo that are not also material changes in the affairs of the Trust;

(e) the Trust includes in all mailings of proxy solicitation materials to holders of

Exchangeable Shares a clear and concise statement that explains the reason the mailed material relates solely to the Trust, indicates that the Exchangeable Shares are the economic equivalent to the Trust Units, and describes the voting rights associated with the Exchangeable Shares;

(f) the Trust remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of AmalgamationCo; and

(g) AmalgamationCo does not issue any securities, other than the Exchangeable Shares, securities issued to the Trust, PCT or their affiliates, or debt securities issued to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions.

May 4, 2004.

"Mavis Legg"

2.1.5 PetroKazakhstan Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – dutch auction issuer bid – with respect to securities tendered at or below clearing price – there is a liquid market for the securities – circular to contain certain disclosure including information regarding take up and payment mechanics as well as facts supporting reliance on the liquid market exemption – offeror to comply with all other legislative requirements – offeror exempt from requirement to take up and pay for securities proportionately according to number of securities deposited by each shareholder – offeror exempt from requirement to state the number of securities sought under the bid – offeror also exempt from the associated disclosure requirement.

Applicable Statutory Provision

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

Applicable Regulatory Provision

Ontario Regulation 1015 – General Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as amended, s. 189(b).

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

AND

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

AND

IN THE MATTER OF
PETROKAZAKHSTAN INC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (collectively, the "Decision Makers") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and Labrador (collectively, the "Jurisdictions") has received an application (the "Application") from PetroKazakhstan Inc. (the "Corporation") for a decision pursuant to the securities legislation of each of the Jurisdictions (collectively, the "Legislation") that in connection with the proposed purchase by the Corporation of a portion of its outstanding common shares (the "Shares") pursuant to an issuer bid (the "Offer") the Corporation be exempt from the following:

1.1 the requirements in the Legislation to:

1.1.1 take up and pay for securities proportionately according to the number of securities deposited by each securityholder (the "Proportionate Take Up and Payment Requirement");

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

1.1.3 state the number of securities sought under the Offer (the "Number of Securities Requirement"); and

1.2 the requirement in the Legislation of each of the Jurisdictions, except for Ontario and Quebec, to provide a formal valuation of the Shares (the "Valuation Requirement");

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

3. AND WHEREAS unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions* or in Agence nationale d'encadrement du secteur financier notice 14-101;

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

4.1 the Corporation is incorporated under the *Business Corporations Act* (Alberta);

4.2 the corporate head office of the Corporation is located at Suite 1460 Sun Life Plaza, North Tower, 140 – 4th Avenue S.W., Calgary, Alberta;

4.3 the authorized capital of the Corporation consists of:

4.3.1 an unlimited number of Shares; and

4.3.2 an unlimited number of Class B redeemable preferred shares (the "Preferred Shares");

4.4 as of April 16, 2004, there were 80,567,509 Shares and no Preferred Shares issued and outstanding;

4.5 the Shares are listed and posted for trading on the Toronto Stock Exchange (the "TSX"), the New York Stock Exchange, the London Stock Exchange and the Frankfurt Stock Exchange under the trading symbol "PKZ". On April 27, 2004 the closing price of the Shares on the TSX was $38.91 per Share and, on such date, the Shares had an aggregate market value of approximately $3,134,881,445, based on such closing price;

4.6 the Corporation is a reporting issuer or the equivalent in each of the provinces of Canada and is not on the list of reporting issuers in default maintained by the securities regulatory authority of any such jurisdiction;

4.7 to the Corporation's knowledge, no person or company holds more than 10% of the issued and outstanding Shares other than FMR Corp., which beneficially owns or exercises control or direction over approximately 8,232,110 Shares, representing approximately 10.2% of the Shares. FMR Corp.'s intentions with respect to the Offer are not yet known to the Corporation;

4.8 pursuant to the Offer, the Corporation proposes to acquire the Shares in accordance with the following modified "Dutch auction" procedure, as disclosed in the Circular to be sent by the Corporation to any holder of Shares (each, a "Shareholder"):

4.8.1 the maximum amount of $160,000,000 (the "Specified Amount") that the Corporation intends to spend under the Offer will be specified in the Circular;

4.8.2 the minimum price of $40 (the "Minimum Price") per Share at which the Corporation is willing to purchase its Shares under the Offer will be specified in the Circular;

4.8.3 the maximum number of 4,000,000 Shares (the "Maximum Number of Shares") that the Corporation will take up under the Offer (being the Specified Amount divided by the Minimum Price) will be specified in the Circular;

4.8.4 any Shareholder wishing to deposit Shares pursuant to the Offer will have the right either to:

4.8.4.1 specify the lowest price, such price not being less than the Minimum Price, at which the Shareholder is willing to sell all or a portion of its Shares in increments of $0.10 per Share (an "Auction Tender"); or

4.8.4.2 elect to be deemed to have tendered at the Purchase Price determined in accordance with 4.8.5 below (a "Purchase Price Tender");

4.8.5 the purchase price (the "Purchase Price") will be the lowest price at or above the Minimum Price that will enable the Corporation to purchase the maximum number of deposited Shares having an aggregate purchase price not exceeding the Specified Amount. The Purchase Price will be determined based upon the number of Shares deposited pursuant to Auction Tenders and Purchase Price Tenders, the prices specified by Shareholders making Auction Tenders and the price at which the Shares deposited pursuant to Purchase Price Tenders are deemed to have been deposited, with each Purchase Price Tender being considered to have been deposited at the Minimum Price for the purpose of calculating the Purchase Price;

4.8.6 if more Shares are deposited for purchase at or below the Purchase Price than can be purchased for the Specified Amount, the deposited Shares will be purchased on a *pro rata* basis according to the number of Shares deposited (or deemed to be deposited) by the depositing Shareholders (with adjustments to avoid the purchase of fractional Shares), except that deposits by Shareholders who own less than 100 Shares will not be subject to pro ration. The Corporation will accept for purchase without pro ration all Shares deposited by any Shareholder owning fewer than 100 Shares, provided such Shareholder deposits all such Shares at or below the Purchase Price;

4.8.7 all Shares deposited at prices above the Purchase Price will be returned to the appropriate Shareholders;

4.8.8 all Shares deposited at prices below the Minimum Price will be considered to have been improperly deposited, will be excluded from the determination of the Purchase Price, will not be purchased by the Corporation and will be returned to the appropriate Shareholder;

4.8.9 all Shares deposited by Shareholders who fail to specify any tender price for such deposited Shares and fail to indicate that they have deposited their Shares pursuant to an Auction Tender will be deemed to have made a Purchase Price Tender; and

4.8.10 depositing Shareholders who make either an Auction Tender or a Purchase Price Tender but fail to specify the number of Shares that they wish to deposit will be considered to have deposited all Shares held by such Shareholder;

4.9 since the Offer is for fewer than all the Shares, if the number of Shares deposited to the Offer at or below the Purchase Price and not withdrawn exceeds the Maximum Number of Shares that may be purchased for an amount not exceeding the Specified Amount, the Proportionate Take Up Requirement requires the Corporation to take up and pay for deposited Shares proportionately according to the number of Shares deposited by each Shareholder. In addition, the Associated Disclosure Requirement mandates disclosure in the Circular that the Corporation would, if Shares deposited to the Offer and not withdrawn exceeded the Specified

Number, take up such Shares proportionately according to the number of Shares deposited and not withdrawn by each Shareholder;

4.10 prior to the commencement of the Offer, there will be approximately 80,567,509 Shares outstanding, of which approximately 66,606,759 Shares will comprise the public float;

4.11 there is a published market for the Shares, namely the TSX;

4.12 during the 12 months ended April 28, 2004:

4.12.1 the number of outstanding Shares was at all times not less than 77,479,475 excluding securities beneficially owned, directly or indirectly, or over which control or direction was exercised, by related parties and Shares that were not freely tradeable;

4.12.2 the aggregate trading volume of the class of securities on the TSX was 65,646,180 Shares;

4.12.3 there were approximately 100,812 trades of Shares on the TSX; and

4.12.4 the aggregate trading value based on the price of the trades referred to in clause (c) was approximately $1,880,191,293.07 (being the aggregate trading volume of the Shares on the TSX multiplied by the average price per Share);

4.13 the market value of the Shares on the TSX, as determined in accordance with Ontario Securities Commission Rule 61-501 and Québec Local Policy Statement Q-27, was at least $2,955,823,926 for the calendar month of March, 2004;

4.14 the Corporation will disclose in the Circular the figures set out in 4.12 and 4.13 above calculated with reference to the period of twelve months before the date of the announcement of the Offer and that it is reasonable to conclude that, following the completion of the Offer, there will be a market for beneficial owners of the Shares who do not deposit to the Offer that is not materially less liquid than the market that existed at the time the Offer was made;

4.15 prior to the expiry of the Offer, all information regarding the number of Shares deposited and the prices at which such Shares are deposited will be kept confidential, and the depositary will be directed by the Corporation to maintain such confidentiality until the Purchase Price is determined;

4.16 the Circular will:

4.16.1 disclose the mechanics for the take up and payment for, or the return of, Shares as described in 4.8 above;

4.16.2 make it clear that, by depositing shares at the Minimum Price, a Shareholder can reasonably expect that the Shares so tendered will be purchased at the Purchase Price, subject to pro ration as described in 4.8 above;

4.16.3 describe the background to the Offer;

4.16.4 describe the review and approval process adopted by the board of directors of the Corporation for the Offer, including any materially contrary view or abstention by a director; and

4.16.5 except to the extent exemptive relief is granted by this decision, contain the disclosure prescribed by the Legislation for issuer bids;

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

6. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met and is of the opinion that it would not be prejudicial to the public interest to grant this decision;

7. THE DECISION of the Decision Makers pursuant to the Legislation is that, in connection with the Offer, the Corporation is exempt from the Proportionate Take Up and Payment Requirement, the Associated Disclosure Requirement, the Number of Securities Requirement and the Valuation Requirement, provided that Shares deposited to the Offer are

taken up and paid for, or returned to the Shareholders, in the manner and circumstances described in 4.8 above.

May 12, 2004.

"Glenda A. Campbell" "Stephen R. Murison"

2.1.6 TransAlta Corporation and TransAlta Utilities Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Application — subsidiary to guarantee commercial paper to be issued by parent — subsidiary to issue debenture to collateral agent for benefit of holders of commercial paper to ensure guarantee ranks *pari passu* with subsidiary's existing debt — registration and prospectus relief granted to facilitate issuance of debenture to collateral agent.

Applicable Ontario Statutory Provisions

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

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC, 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
TRANSALTA CORPORATION AND
TRANSALTA UTILITIES CORPORATION

MRRS DECISION DOCUMENT

1. **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 and Newfoundland and Labrador (the "Jurisdictions") has received an application from TransAlta Corporation ("TransAlta") and TransAlta Utilities Corporation ("TAU") (collectively, the "Applicants") for a decision under the securities legislation in each of the Jurisdictions (the "Legislation") that the registration requirement and the prospectus requirement (the "Registration and Prospectus Requirements") shall not apply to certain transactions in the Series W Debenture (defined below) issued in connection with the New CP Program (defined below);

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

3. **AND WHEREAS** unless otherwise defined, the terms herein have the meaning set out in National

Instrument 14-101 *Definitions* or in Autorité des marches financiers notice 14-101;

4. **AND WHEREAS** the Applicants have represented to the Decision Makers that:

4.1 each of TransAlta and TAU is

4.1.1 a corporation organized and subsisting under the laws of Canada, with its head office in Calgary, Alberta; and

4.1.2 a reporting issuer in the Jurisdictions;

4.2 TransAlta is the holding company for the TransAlta group of companies. TAU is a wholly owned subsidiary of TransAlta, and one of the operating companies of the TransAlta group. TAU was previously the holding company and the principal operating company for the TransAlta group. Pursuant to a plan of arrangement implemented in December 1992, TransAlta became the holding company for the TransAlta group;

4.3 the common shares of TransAlta are listed and trade on the Toronto Stock Exchange and the New York Stock Exchange;

4.4 in September 1999, TransAlta adopted a commercial paper program (the "Previous CP Program"). The Previous CP Program contemplated the issuance of short term notes in a maximum amount of $1 billion at any time. In November, 2003, the credit rating of the notes issuable under the Previous CP Program was reduced below R-1-L by Dominion Bond Rating Services Limited ("DBRS") and, as a result of the lower rating, TransAlta suspended the operation of the Previous CP Program at that time;

4.5 TAU previously was the principal entity involved in financing the TransAlta group. TAU has issued debt securities in Canadian capital markets, and currently has outstanding secured debentures (the "Debentures") issued pursuant to a trust indenture (the "Trust Indenture") dated as of May 1, 1970, as amended, with the CIBC Mellon Trust Company, as successor to The Royal Trust Company. The Debentures are secured by a floating charge on all of TAU's assets and undertakings. An aggregate of $448.4 million principal amount of Debentures are currently outstanding;

4.6 as a direct operating company, TAU is regarded by applicable credit rating agencies as having superior creditworthiness than TransAlta. As a result, commercial paper either issued or guaranteed by TAU is able to sustain a DBRS rating of at least R-1-L;

4.7 in order to continue to access Canadian money markets for short term funding, TransAlta proposes to adopt a new commercial paper program (the "New CP Program"), which will have the following features

4.7.1 a maximum of Cdn.$200 million principal amount of negotiable short term notes (the "Notes") may be issued at one time, and the Notes may be denominated in either Canadian or U.S. dollars;

4.7.2 repayment of the Notes will be guaranteed by TAU pursuant to an unconditional guarantee (the "Guarantee") to be given to holders of Notes (the "Noteholders");

4.7.3 TAU will secure its obligations pursuant to the Guarantee by issuing a Debenture (the "Series W Debenture") under the Trust Indenture. The Series W Debenture will be the sole Debenture under a new series of Debentures to be established under the Trust Indenture;

4.7.4 the Series W Debenture will be issued in fully registered form to a trust company as collateral agent for the Noteholders (the "Collateral Agent"); and

4.7.5 concurrent with the granting of the Guarantee and the issuance of the Series W Debenture, TAU and the Collateral Agent will enter into

4.7.5.1 a debenture pledge agreement (the "Debenture Pledge Agreement"), which will provide for the pledging of the Series W Debenture by TAU to the Collateral Agent on behalf of the Noteholders, and indicate the

circumstances whereupon the Collateral Agent may seek payment of the Series W Debenture; and

4.7.5.2 a collateral agent retainer agreement (the "Collateral Agent Retainer Agreement"), which will provide for further terms pursuant to which the Collateral Agent will hold the Series W Debenture on behalf of the Noteholders;

4.8 it is contemplated under the Guarantee that Noteholders (or the Collateral Agent on their behalf) may demand payment from TAU under the Guarantee upon the occurrence of any of the following events of default (collectively, "Events of Default")

4.8.1 a payment default by TransAlta under any of the Notes;

4.8.2 the occurrence of certain bankruptcy events in relation to TransAlta; and

4.8.3 the occurrence of an "event of default" in relation to TAU under the Trust Indenture which include

4.8.3.1 a payment default by TAU under any outstanding Debentures (principal, interest or other amounts payable);

4.8.3.2 the occurrence of certain bankruptcy events in relation to TAU; and

4.8.3.3 the occurrence of covenant defaults under the Trust Indenture (including supplemental indentures thereto);

4.9 the Debenture Pledge Agreement will not permit a claim by the Collateral Agent upon the Series W Debenture on behalf of the Noteholders until such time as the Noteholders (or the Collateral Agent on their behalf) are permitted to make demand upon TransAlta under the Guarantee and payment is not made in response to that demand. At that time, the Collateral Agent will be permitted to seek repayment of the Series W Debenture to the extent there are unpaid Notes. Under the Collateral Agent Retainer Agreement, the Collateral Agent will seek repayment rateably of all outstanding amounts owing to of all holders of Notes at that time;

4.10 transactions that will or may occur in relation to the Series W Debenture (collectively, the "Series W Debenture Transactions") include

4.10.1 the issuance and pledge of the Series W Debenture by TAU under the Debenture Pledge Agreement;

4.10.2 the acquisition of an interest in a Series W Debenture by a Noteholder in connection with the acquisition of a Note;

4.10.3 the acquisition of a beneficial interest in the Series W Debenture by a Noteholder upon the occurrence of an Event of Default; and

4.10.4 resale of an interest in the Series W Debenture by a Noteholder either before or after the occurrence of an Event of Default;

4.11 an unsecured guarantee obligation from TAU would rank subordinate to the claim of holders of TAU's Debentures because the Debentures are secured by a floating charge on all of TAU's assets;

4.12 the sole purpose of securing the Guarantee with the Series W Debenture is to ensure that the claims of Noteholders against TAU's assets rank *pari passu* with the claims of holders of TAU's Debentures;

4.13 but for the securing of the Guarantee with the Series W Debenture, relief from the Registration and Prospectus Requirements in connection with the New CP Program would not be necessary as the Notes, guaranteed by an unsecured guarantee obligation from TAU, would be issued in reliance upon registration and prospectus exemptions applicable to negotiable promissory notes or

commercial paper contained in the Legislation (the "Commercial Paper Exemptions");

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

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

7. **THE DECISION** of the Decision Makers under the Legislation is that the Registration and Prospectus Requirements shall not apply to any of the Series W Debenture Transactions provided that the Notes are issued in reliance upon the Commercial Paper Exemptions.

May 12, 2004.

"Glenda A. Campbell" "Stephen R. Murison"

2.1.7 The Toronto-Dominion Bank and TD Capital Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Exemption from the requirements to file annual certificates and interim certificates under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings granted to a capital trust sponsored by a bank, subject to specified conditions, where the trust had previously been exempted from the requirements to file financial statements, MD&A and AIFs.

Applicable Instruments

Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.
National Instrument 51-102 Continuous Disclosure Obligations.

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

AND

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

AND

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

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, Saskatchewan, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Northwest Territories, Nunavut and Yukon (the "Jurisdictions") has received an application from The Toronto-Dominion Bank (the "Bank") and TD Capital Trust (the "Trust") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirements contained in the Legislation to:

(a) file annual certificates ("Annual Certificates") with the Decision Makers under section 2.1 of Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("MI 52-109"); and

(b) file interim certificates ("Interim Certificates" and together with the Annual

Certificates, the "Certification Filings") with the Decision Makers under section 3.1 of MI 52-109;

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

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;

AND WHEREAS pursuant to a Mutual Reliance Review System decision document dated May 16, 2001 (the "Previous Decision"), the Trust is exempt from the requirements of securities legislation in the jurisdictions of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland, as applicable, concerning the preparation, filing and delivery of (i) interim financial statements and audited annual financial statements, (ii) annual filings in lieu of filing an information circular, where applicable and (iii) an annual information form (an "AIF") and management's discussion and analysis of the financial condition and results of operation of the Trust ("MD&A");

AND WHEREAS the Trust has delivered a notice dated May 13, 2004 to the applicable securities regulatory authorities or regulators under subsection 13.2(2) of National Instrument 51-102 *Continuous Disclosure Obligations* stating that it intends to rely on the Previous Decision to the same extent and on the same conditions as contained in the Previous Decision;

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

1. Since the date of the Previous Decision, there have been no material changes to the representations of either the Trust or the Bank contained in the Previous Decision.

2. The Previous Decision exempts the Trust from the requirements to file its own interim financial statements and interim MD&A (collectively, the "Interim Filings") and (ii) its own AIF, annual financial statements and annual MD&A, as applicable (collectively, the "Annual Filings") and therefore, it would not be meaningful or relevant for the Trust to file its own Certification Filings.

3. Because of the terms of securities publicly offered by the Trust, and by virtue of certain agreements and covenants of the Bank in connection therewith, information regarding the affairs and financial condition of the Bank, as opposed to that of the Trust, is meaningful to holders of such securities and it is appropriate that the Bank's Certification Filings be available to such securityholders of the Trust in lieu of the Certification Filings of the Trust.

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 requirement contained in the Legislation:

(a) to file Annual Certificates with the Decision Makers under section 2.1 of MI 52-109; and

(b) to file Interim Certificates with the Decision Makers under section 3.1 of MI 52-109;

shall not apply to the Trust for so long as:

(i) the Trust is not required to, and does not, file its own Interim Filings and Annual Filings;

(ii) the Bank files with the Decision Makers, in electronic format under the Trust's SEDAR profile, the following documents at the same time as such documents are required under the Legislation to be filed by the Bank:

a. Annual Filings of the Bank;

b. Interim Filings of the Bank;

c. Annual Certificates of the Bank; and

d. Interim Certificates of the Bank;

(iii) the Trust qualifies for the relief contemplated by, and is in compliance with, the requirements and conditions set out in the Previous Decision;

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

May 17, 2004.

"Erez Blumberger"

2.1.8 HSBC Bank Canada and HSBC Canada Asset Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Exemption from the requirements to file annual certificates and interim certificates under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings granted to a capital trust sponsored by a bank, subject to specified conditions, where the trust had previously been exempted from the requirements to file financial statements, MD&A and AIFs.

Applicable Instruments

Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.
National Instrument 51-102 Continuous Disclosure Obligations.

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

AND

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

AND

IN THE MATTER OF
HSBC BANK CANADA AND
HSBC CANADA ASSET TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, Saskatchewan, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Northwest Territories, Nunavut and Yukon (the "Jurisdictions") has received an application from HSBC Bank Canada (the "Bank") and HSBC Canada Asset Trust (the "Trust") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirements contained in the Legislation to:

(a) file annual certificates ("Annual Certificates") with the Decision Makers under section 2.1 of Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("MI 52-109"); and

(b) file interim certificates ("Interim Certificates" and together with the Annual

Certificates, the "Certification Filings") with the Decision Makers under section 3.1 of MI 52-109;

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

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;

AND WHEREAS pursuant to a Mutual Reliance Review System decision document dated May 17, 2001 (the "Previous Decision"), the Trust is exempt from the requirements of securities legislation in the jurisdictions of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland, as applicable, concerning the preparation, filing and delivery of (i) interim financial statements and audited annual financial statements, (ii) annual filings in lieu of filing an information circular, where applicable and (iii) an annual information form (an "AIF") and management's discussion and analysis of the financial condition and results of operation of the Trust ("MD&A");

AND WHEREAS the Trust has delivered a notice dated May 13, 2004 to the applicable securities regulatory authorities or regulators under subsection 13.2(2) of National Instrument 51-102 *Continuous Disclosure Obligations* stating that it intends to rely on the Previous Decision to the same extent and on the same conditions as contained in the Previous Decision;

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

1. Since the date of the Previous Decision, there have been no material changes to the representations of either the Trust or the Bank contained in the Previous Decision.

2. The Previous Decision exempts the Trust from the requirements to file its own interim financial statements and interim MD&A (collectively, the "Interim Filings") and (ii) its own AIF, annual financial statements and annual MD&A, as applicable (collectively, the "Annual Filings") and therefore, it would not be meaningful or relevant for the Trust to file its own Certification Filings.

3. Because of the terms of securities publicly offered by the Trust, and by virtue of certain agreements and covenants of the Bank in connection therewith, information regarding the affairs and financial condition of the Bank, as opposed to that of the Trust, is meaningful to holders of such securities and it is appropriate that the Bank's Certification Filings be available to such securityholders of the Trust in lieu of the Certification Filings of the Trust.

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 requirement contained in the Legislation:

(a) to file Annual Certificates with the Decision Makers under section 2.1 of MI 52-109; and

(b) to file Interim Certificates with the Decision Makers under section 3.1 of MI 52-109;

shall not apply to the Trust for so long as:

(i) the Trust is not required to, and does not, file its own Interim Filings and Annual Filings;

(ii) the Bank files with the Decision Makers, in electronic format under the Trust's SEDAR profile, the following documents at the same time as such documents are required under the Legislation to be filed by the Bank:

a. Annual Filings of the Bank;

b. Interim Filings of the Bank;

c. Annual Certificates of the Bank; and

d. Interim Certificates of the Bank;

(iii) the Trust qualifies for the relief contemplated by, and is in compliance with, the requirements and conditions set out in the Previous Decision;

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

May 17, 2004.

"Cameron McInnis"

2.1.9 Sun Life Financial Inc. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Exemption from the requirements to file annual certificates and interim certificates under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings granted to a capital trust sponsored by an insurance company, subject to specified conditions, where the trust had previously been exempted from the requirements to file financial statements, MD&A and AIFs.

Applicable Instruments

Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.
National Instrument 51-102 Continuous Disclosure Obligations.

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

AND

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

AND

IN THE MATTER OF
SUN LIFE FINANCIAL INC.

AND

IN THE MATTER OF
SUN LIFE ASSURANCE COMPANY OF CANADA

AND

IN THE MATTER OF
SUN LIFE CAPITAL TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker", and collectively the "Decision Makers") in each of Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, Newfoundland and Labrador, the Northwest Territories and Nunavut (the "Jurisdictions") has received an application from Sun Life Financial Inc. ("SLF"), Sun Life Assurance Company of Canada ("Sun Life Assurance") and Sun Life Capital Trust (the "Trust") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirements contained in the Legislation to:

(a) file annual certificates ("Annual Certificates") with the Decision Makers under section 2.1 of Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("MI 52-109"); and

(b) file interim certificates ("Interim Certificates" and together with the Annual Certificates, the "Certification Filings") with the Decision Makers under section 3.1 of MI 52-109;

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

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;

AND WHEREAS pursuant to a Mutual Reliance Review System ("MRRS") decision document dated March 14, 2002 (the "Previous Decision"), the Trust is exempted, on certain terms and conditions, from the requirements of the securities legislation in the jurisdictions of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the local securities regulatory authorities or regulators in such jurisdictions, collectively, the "Previous Decision Makers") concerning the preparation, filing and delivery of (i) interim and annual financial statements with the Previous Decision Makers; (ii) an annual filing with the Previous Decision Makers in lieu of filing an information circular, where applicable; (iii) an annual report and an information circular with the Decision Maker in Quebec and delivery of such report or information circular to the security holders of the Trust resident in Quebec; and (iv) an annual information form ("AIF") and management's discussion and analysis ("MD&A") with the Decision Makers in Ontario, Quebec and Saskatchewan;

AND WHEREAS the Trust filed a notice dated April 29, 2004 with the applicable securities regulatory authorities or regulators under subsection 13.2(2) of National Instrument 51-102 *Continuous Disclosure Obligations* stating that it intends to rely on the Previous Decision to the same extent and on the same conditions as contained in the Previous Decision;

AND WHEREAS SLF, Sun Life Assurance and the Trust represented to the Decision Makers that:

SLF

1. SLF is a holding company incorporated under the *Insurance Companies Act* (the "ICA"), is a reporting issuer, or the equivalent, in each of the provinces and territories of Canada that provides for a reporting issuer regime and is not in default of any applicable requirements under the securities legislation thereunder.

Sun Life Assurance

2. Sun Life Assurance is a Canadian insurance company incorporated under the ICA, is a reporting issuer, or the equivalent, in each of the provinces and territories of Canada that provides for a reporting issuer regime and is not in default of any applicable requirements under the securities legislation thereunder.

Sun Life Capital Trust

3. The Trust is an open-end trust established under the laws of the Province of Ontario by The Canada Trust Company, as trustee, pursuant to a declaration of trust made as of August 9, 2001, as amended and restated on October 19, 2001, and as further amended and restated on June 25, 2002 (the "Declaration of Trust").

4. The beneficial interests of the Trust are divided into two classes of units, issuable in series, designated as Sun Life ExchangEable Capital Securities ("SLEECS") and Special Trust Securities ("Special Trust Securities" and, collectively with SLEECS, "Trust Securities"). The Special Trust Securities are held in their entirety by Sun Life Assurance.

5. The Trust was established solely for the purpose of effecting offerings of securities in order to provide Sun Life Assurance (and, indirectly, SLF) with a cost effective means of raising capital for Canadian insurance company regulatory purposes. The Trust does not and will not carry on any operating activity other than in connection with those offerings.

6. The Trust is a reporting issuer, or the equivalent, in each of the provinces and territories of Canada that provides for a reporting issuer regime and is not in default of any applicable requirements under the securities legislation thereunder.

SLEECS

7. The Trust has issued two series of SLEECS, SLEECS - Series A under a prospectus dated October 11, 2001 (the "Series A Prospectus") and SLEECS - Series B under a prospectus dated June 18, 2002 (the "Series B Prospectus").

8. The Trust has also issued 2,000 Special Trust Securities to Sun Life Assurance in connection with the issuance of the SLEECS - Series A.

9. The SLEECS – Series A are listed on the Toronto Stock Exchange. The SLEECS – Series B are not

listed on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

10. The business objective of the Trust is to acquire and hold debentures, issued by Sun Life Assurance, which generate income for distribution to holders of the Trust Securities. The Trust currently holds a senior debenture issued by Sun Life Assurance in respect of the SLEECS - Series A and a senior debenture issued by Sun Life Assurance in respect of the SLEECS - Series B.

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

12. Because of the terms of the Trust, the return to a SLEECS holder depends upon the financial condition of SLF and Sun Life Assurance and not that of the Trust.

13. The Certification Filings are intended to improve the quality and reliability of (i) an issuer's interim financial statements and interim MD&A (collectively, the "Interim Filings") and (ii) an issuer's AIF, annual financial statements and annual MD&A (collectively, the "Annual Filings").

14. The Previous Decision exempts the Trust from filing its own Interim Filings and Annual Filings, provided that SLF and Sun Life Assurance file their Interim Filings and Annual Filings on the Trust's SEDAR profile, and therefore, it would not be meaningful or relevant for the Trust to have to make its own Certification Filings.

15. Investors in SLEECS are ultimately concerned about the affairs and financial performance of SLF and Sun Life Assurance, as opposed to that of the Trust itself, and therefore, it is appropriate that SLF's and Sun Life Assurance's Certification Filings be available to them on the same basis as the Interim Filings and Annual Filings of SLF and Sun Life Assurance.

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

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

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

(a) to file Annual Certificates with the Decision Makers under section 2.1 of MI 52-109; and

(b) to file Interim Certificates with the Decision Makers under section 3.1 of MI 52-109;

shall not apply to the Trust for so long as:

(i) the Trust does not file its own Interim Filings and Annual Filings and SLF and Sun Life Assurance file their Interim Filings and Annual Filings on the Trust's SEDAR profile in accordance with the Previous Decision;

(ii) SLF and Sun Life Assurance file with the Decision Makers, in electronic format under the Trust's SEDAR profile, the documents listed in clauses (a) and (b) above of this Decision, at the same time as they are required under the Legislation to be filed by SLF and Sun Life Assurance;

(iii) SLF and Sun Life Assurance remain reporting issuers, or the equivalent, under the Legislation;

(iv) all outstanding securities of the Trust are either SLEECS or Special Trust Securities;

(v) the rights and obligations of holders of additional series of SLEECS are the same in all material respects as the rights and obligations of the holders of SLEECS - Series A and SLEECS – Series B at the date hereof;

(vi) all issued and outstanding Special Trust Securities continue to be directly or indirectly owned by SLF; and

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

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

May14, 2004.

"Erez Blumberger"

2.2 Orders

2.2.1 All-Canadian Compound Fund and All-Canadian Capital Fund - s. 144

Headnote

Fund on funds exemption granted to a mutual fund has been varied to permit the bottom fund to merge with the top fund.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am. clause 111(2)(b), subsection 111(3), clause 117(1)(a) and section 144.

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

AND

IN THE MATTER OF
ALL-CANADIAN COMPOUNDFUND
ALL-CANADIAN CAPITALFUND

VARIATION AND REVOCATION ORDER
(Section 144)

WHEREAS on May 17, 1996, the Ontario Securities Commission (the Commission) granted an order (the Ruling) to All-Canadian Compound Fund (the Compound Fund) from the substantial security holder restriction as set out in clause 111(2)(b) and subsection 111(3) of the Act and the reporting requirement as set out in clause 117(1)(a) of the Act to allow the Compound Fund to re-invest its distributions received from All-Canadian Capital Fund (the Capital Fund) in the Capital Fund;

WHEREAS the Commission has received an application made on behalf of the Compound Fund and the Capital Fund (collectively, the Funds) for an variation and revocation order pursuant to section 144 of the Act that the Ruling be varied and revoked as hereinafter provided;

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

WHEREAS All-Canadian Management Inc. (the Manager) have represented to the Commission as follows:

1. The Manager is the manager, trustee and principal distributor of the Funds.

2. The Compound Fund and The Capital Fund are open-ended unincorporated mutual fund trusts. Each fund was organized on October 1, 1954 under the laws of British Columbia and each is presently governed by its respective Amended, Consolidated and Restated Trust Indenture dated November 1, 1997.

3. The Compound Fund and the Capital Fund are reporting issuers under the Act. Neither fund is in default of any of the requirements of the Act or the regulation made thereunder.

4. Units of the Compound Fund are currently not qualified for distribution to the public.

5. Units of the Capital Fund are offered for sale on a continuous basis in Ontario under a simplified prospectus dated April 6, 2004. As at March 31, 2004, the Compound Fund owned 91.4% of the issued and outstanding units of the Capital Fund.

6. Due to adverse tax consequences for both of the Funds, the proposed wind-up of the Capital Fund into the Compound Fund could not be completed in 1996. Upon the application by the Funds, the Commission issued the Ruling to the Compound Fund exempting the Compound Fund from the substantial security holder restriction and the reporting requirement for the purposing of re-investing distributions made by the Capital Fund to the Compound Fund.

7. Condition (j) of the Ruling (the Condition) requires that the Compound Fund would not issue any units other than pursuant to a distribution reinvestment plan whereby units are issued to existing securityholders of the Compound Fund in compliance with certain deemed rules of the Commission.

8. The *Income Tax Act* (Canada) now permits the wind-up of the Capital Fund into the Compound Fund (the Merger) without adverse tax consequences and the Manager proposes to proceed with such transaction. Unitholders of the Funds have approved the completion of the proposed transaction at meetings duly called on January 30, 2004.

9. To complete the Merger, the Compound Fund will have to issue units to the Capital Fund in exchange of assets of the Capital Fund being rolled to the Compound Fund. The Condition prohibits new issues of units by the Compound Fund.

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

IT IS ORDERED by the Commission, pursuant to section 144 of the Act that the Ruling is hereby varied such that:

(a) the Condition of the Ruling is deleted to permit the issuance of units by the Compound Fund to the Capital Fund to facilitate the Merger; and

(b) upon completion of the Merger, the Ruling is revoked in its entirety.

May 11, 2004.

"Paul M. Moore" "Paul K. Bates"

2.2.2 FMR Co. Inc. - ss. 78(1) of the CFA

Headnote

Application to the Commission for an order, pursuant to subsection 78(1) of the Commodity Futures Act (Ontario)(the "CFA") amending previous orders (the "Previous Orders") to the effect that, with respect to the Sub-Adviser acting as an adviser to its affiliate Fidelity Investments Canada Limited (the "Principal Adviser") in connection with the Principal Adviser's activities as an adviser to the certain Funds or Private Clients investing in Funds (as defined, below), neither the Sub-Adviser, nor any if its directors, officers or employees ("Sub-Adviser Representatives") acting on its behalf as an adviser, shall be subject to the adviser registration requirement in paragraph 22(1)(b) of the CFA.

IN THE MATTER OF
THE COMMODITY FUTURES ACT, R.S.O. 1990,
CHAPTER C. 20, AS AMENDED (the "CFA")

AND

IN THE MATTER OF
FMR CO. INC.
AND
FIDELITY INVESTMENTS CANADA LIMITED

ORDER
(Subsection 78(1))

UPON the application (the "Application") of FMR Co. Inc. (the "Sub-Adviser") to the Ontario Securities Commission (the "Commission") for an order, pursuant to subsection 78(1) of the CFA, to vary previous orders (the "Previous Orders") of the Commission dated April 6, 2001 and June 19, 2001 made under subsection 38(1) of the CFA, in the matter of FMR Co. Inc.;

AND WHEREAS the Previous Orders separately provided that neither the Sub-Adviser nor any of its officers, partners and directors (the "Sub-Adviser Representatives") acting on behalf of the Sub-Adviser is subject to paragraph 22(1)(b) of the CFA in respect of their acting as an adviser to Fidelity Investments Canada Limited (the "Principal Adviser"), in connection with the Principal Adviser: (a) acting as an adviser to certain mutual funds, and (b) offering discretionary investment management services to pension plans and other institutional investors ("Private Clients") through the use of pooled funds established by the Principal Adviser from time to time;

AND WHEREAS both Previous Orders expire on April 6, 2004;

AND WHEREAS the Sub-Adviser seeks to vary the Previous Orders by substituting them with the following consolidated and restated order;

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

AND UPON the Sub-Adviser having represented to the Commission that:

1. The Sub-Adviser is a corporation organized under the laws of the Commonwealth of Massachusetts and is resident in the United States of America (the "U.S.A").

2. The Sub-Adviser is not registered under the CFA as either an adviser or dealer.

3. The Sub-Adviser is not required under applicable commodity futures legislation in the U.S.A. to be registered as a commodity trading adviser with the United States Commodity Futures Trading Commission, nor is the Sub-Adviser required to be a member of the National Futures Association, in order to provide the services to the Principal Adviser described in paragraph 8, below.

4. The Principal Adviser is a corporation amalgamated under the laws of Ontario that is resident in Ontario.

5. The Principal Adviser is registered under the CFA as an adviser, in the category of "commodity trading manager".

6. The Principal Adviser is also registered under the Securities Act (the "OSA") as an adviser in the categories of "investment counsel" and "portfolio manager," and, as a dealer, in the category of "mutual fund dealer".

7. Where the Principal Adviser acts as the trustee and manager of (a) certain mutual funds offered from time to time to the public in Canada, and (b) certain pooled funds established by it from time to time for purposes of providing discretionary investment management services to pension plans and other institutional clients in Canada ("Private Clients"), (each such mutual fund or pooled fund, a "Fund"), the Principal Adviser may, pursuant to written agreement made between the Principal Adviser and the Fund or Private Client:

    (i) act as an adviser (as defined in the OSA) to the Fund or Private Client, in respect of securities, and

    (ii) act as an adviser to the Fund or Private Client, in respect of trading commodity futures contracts and commodity futures options,

    by exercising discretionary authority in respect of the investment portfolio of the Fund, with discretionary authority to purchase or sell on behalf of the Fund:

    (iii) securities, and

    (iv) commodities futures contracts and commodities futures options.

8. In connection with the Principal Adviser acting as an adviser to a Fund or Private Client, in respect of the purchase or sale of commodity futures contracts and commodity futures options, the Principal Adviser, may, from time to time, pursuant to a written agreement made between the Principal Adviser and the Sub-Adviser, retain the Sub-Advisers to act as an adviser to the Principal Adviser, by exercising discretionary authority, on behalf of the Principal Adviser, in respect of the investment portfolio of the Fund, with discretionary authority to buy or sell commodity futures options and commodity futures contracts for the Fund, provided that:

    (i) in each case, the option or contract must be cleared through an acceptable clearing corporation; and

    (ii) in no case will any trading in commodity futures contracts or commodity futures options constitute the primary focus or investment objective of the Fund.

9. There is presently no rule under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA, for a person or company acting as an adviser to another registered adviser in respect of commodity futures options and commodity futures contracts that is similar to the exemption from the adviser registration requirement in clause 25(1)(b) of the OSA for acting as an adviser (as defined in the OSA) in respect of securities, in section 7.3 of the Ontario Securities Commission Rule 35-502 *Non-Resident Advisers*.

AND UPON the Commission being of the opinion that to make this order would not be prejudicial to the public interest;

IT IS ORDERED, pursuant to subsection 78(1) of the CFA that the Previous Orders are varied by their consolidation and restatement as follows:

Pursuant to section 80 of the CFA, neither the Sub-Adviser, nor any Sub-Adviser Representative acting on behalf of the Sub-Adviser, is subject to paragraph 22(1)(b) of the CFA, in respect of their acting as an adviser to the Principal Adviser, in connection with the Principal Adviser acting as an adviser to one or more Funds or Private Clients, provided that, at the relevant time and in the case of each Fund:

(b) the Principal Adviser is registered under the CFA as an adviser, in the category of "commodity trading manager";

(c) the duties and obligations of the Sub-Adviser are set out in a written agreement with the Principal Adviser;

(d) the Principal Adviser has contractually agreed with the Fund or Private Client to be responsible for any loss that arises out of any failure of the Sub-Adviser:

(i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Fund and its securityholders, or

(ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

(e) the Principal Adviser cannot be relieved by the Fund or its securityholders (including Private Clients) from its responsibility for any loss referred to in paragraph (c), above;

(e) the securityholders of the Fund (including Private Clients) have received written disclosure, in a prospectus or other offering document, disclosing:

(i) the responsibility of the Principal Adviser for losses arising out of any failure of the Sub-Adviser referred to in paragraph (c), above, and

(ii) that there may be difficulty in enforcing legal rights against the Sub-Adviser because it is resident outside of Canada and all or substantially all of the Sub-Adviser's assets may be situated outside of Canada; and

(f) this Order shall terminate on the day that is three years after the date of the Order.

April 6, 2004.

"Paul M. Moore" "Susan Wolburgh Jenah"

2.2.3 Fidelity Investments Money Management, Inc. - ss. 78(1) of the CFA

Headnote

Application to the Commission for an order, pursuant to subsection 78(1) of the Commodity Futures Act (Ontario)(the "CFA") amending previous orders (the "Previous Orders") to the effect that, with respect to the Sub-Adviser acting as an adviser to its affiliate Fidelity Investments Canada Limited (the "Principal Adviser") in connection with the Principal Adviser's activities as an adviser to the certain Funds or Private Clients investing in Funds (as defined, below), neither the Sub-Adviser, nor any if its directors, officers or employees ("Sub-Adviser Representatives") acting on its behalf as an adviser, shall be subject to the adviser registration requirement in paragraph 22(1)(b) of the CFA.

IN THE MATTER OF
THE COMMODITY FUTURES ACT, R.S.O. 1990,
CHAPTER C. 20, AS AMENDED (the "CFA")

AND

IN THE MATTER OF
FIDELITY INVESTMENTS MONEY MANAGEMENT, INC.
AND
FIDELITY INVESTMENTS CANADA LIMITED

ORDER
(Subsection 78(1))

UPON the application (the "Application") of Fidelity Investments Money Management, Inc. (the "Sub-Adviser") to the Ontario Securities Commission (the "Commission") for an order, pursuant to subsection 78(1) of the CFA, to vary a previous order (the "Previous Order") of the Commission dated March 12, 2004 made under subsection 80 of the CFA, in the matter of Fidelity Investments Money Management, Inc.;

AND WHEREAS the Previous Order provided that neither the Sub-Adviser nor any of its directors, officers or employees (the "Sub-Adviser Representatives") acting on behalf of the Sub-Adviser is subject to paragraph 22(1)(b) of the CFA in respect of their acting as an adviser to Fidelity Investments Canada Limited (the "Principal Adviser"), in connection with the Principal Adviser acting as an adviser to certain mutual funds;

AND WHEREAS the Sub-Adviser seeks to vary the Previous Order so as to provide that it shall also apply in connection with the offering by the Principal Adviser of discretionary investment management services to pension plans and other institutional investors ("Private Clients") through the use of pooled funds established by the Principal Adviser from time to time, consistent with the relief provided to the Sub-Adviser pursuant to a separate order of the Commission dated April 6, 2001 that expires on April 6, 2004;

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

AND UPON the Commission being of the opinion that to make this order would not be prejudicial to the public interest;

IT IS ORDERED, pursuant to section 78(1) of the CFA, that the Previous Order is varied as follows:

1. Paragraph 7 is deleted and substituted with the following:

   "Where the Principal Adviser acts as the trustee and manager of (a) certain mutual funds offered from time to time to the public in Canada, and (b) certain pooled funds established by it from time to time for purposes of providing discretionary investment management services to pension plans and other institutional clients in Canada ("Private Clients"), (each such mutual fund or pooled fund, a "Fund"), the Principal Adviser may, pursuant to written agreement made between the Principal Adviser and the Fund or Private Client:

   (i) acts as an adviser (as defined in the OSA) to the Fund or Private Client, in respect of securities, and

   (ii) acts as an adviser to the Fund or Private Client, in respect of trading commodity futures contracts and commodity futures options,

   by exercising discretionary authority in respect of the investment portfolio of the Fund, with discretionary authority to purchase or sell on behalf of the Fund:

   (iii) securities, and

   (iv) commodities futures contracts and commodities futures options."

2. Paragraph 8 is amended by the insertion of "or Private Client" after "Fund" in the first line;

3. The first paragraph of the order is amended by the insertion of "or Private Clients" after "Funds" in the fourth line;

4. Subparagraph (c) of the order is amended by the insertion of "or Private Client" after "Fund";

5. Subparagraph (d) of the order is amended by the insertion of "(including Private Clients)" after "securityholders"; and

6. Subparagraph (e) of the order is amended by the insertion of "(including Private Clients)" after "Fund".

April 6, 2004.

"Paul M. Moore" "Susan Wolburgh Jenah"

2.2.4 Fidelity International Limited - ss. 78(1) of the CFA

Headnote

Application to the Commission for an order, pursuant to subsection 78(1) of the Commodity Futures Act (Ontario)(the "CFA") amending previous orders (the "Previous Orders") to the effect that, with respect to the Sub-Adviser acting as an adviser to its affiliate Fidelity Investments Canada Limited (the "Principal Adviser") in connection with the Principal Adviser's activities as an adviser to the certain Funds or Private Clients investing in Funds (as defined, below), neither the Sub-Adviser, nor any if its directors, officers or employees ("Sub-Adviser Representatives") acting on its behalf as an adviser, shall be subject to the adviser registration requirement in paragraph 22(1)(b) of the CFA.

IN THE MATTER OF
THE COMMODITY FUTURES ACT, R.S.O. 1990,
CHAPTER C. 20, AS AMENDED (the "CFA")

AND

IN THE MATTER OF
FIDELITY INTERNATIONAL LIMITED
AND
FIDELITY INVESTMENTS CANADA LIMITED

ORDER
(Subsection 78(1))

UPON the application (the "Application") of Fidelity International Limited (the "Sub-Adviser") to the Ontario Securities Commission (the "Commission") for an order, pursuant to subsection 78(1) of the CFA, to vary a previous order (the "Previous Order") of the Commission dated March 12, 2004 made under subsection 80 of the CFA, in the matter of Fidelity International Limited;

AND WHEREAS the Previous Order provided that neither the Sub-Adviser nor any of its directors, officers or employees (the "Sub-Adviser Representatives") acting on behalf of the Sub-Adviser is subject to paragraph 22(1)(b) of the CFA in respect of their acting as an adviser to Fidelity Investments Canada Limited (the "Principal Adviser"), in connection with the Principal Adviser acting as an adviser to certain mutual funds;

AND WHEREAS the Sub-Adviser seeks to vary the Previous Order so as to provide that it shall also apply in connection with the offering by the Principal Adviser of discretionary investment management services to pension plans and other institutional investors ("Private Clients") through the use of pooled funds established by the Principal Adviser from time to time, consistent with the relief provided to the Sub-Adviser pursuant to a separate order of the Commission dated April 6, 2001 that expires on April 6, 2004;

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

AND UPON the Commission being of the opinion that to make this order would not be prejudicial to the public interest;

IT IS ORDERED, pursuant to section 78(1) of the CFA, that the Previous Order is varied as follows:

1. Paragraph 7 is deleted and substituted with the following:

   "Where the Principal Adviser acts as the trustee and manager of (a) certain mutual funds offered from time to time to the public in Canada, and (b) certain pooled funds established by it from time to time for purposes of providing discretionary investment management services to pension plans and other institutional clients in Canada ("Private Clients"), (each such mutual fund or pooled fund, a "Fund"), the Principal Adviser may, pursuant to written agreement made between the Principal Adviser and the Fund or Private Client:

   (i) acts as an adviser (as defined in the OSA) to the Fund or Private Client, in respect of securities, and

   (ii) acts as an adviser to the Fund or Private Client, in respect of trading commodity futures contracts and commodity futures options,

   by exercising discretionary authority in respect of the investment portfolio of the Fund, with discretionary authority to purchase or sell on behalf of the Fund:

   (iii) securities, and

   (iv) commodities futures contracts and commodities futures options."

2. Paragraph 8 is amended by the insertion of "or Private Client" after "Fund" in the first line;

3. The first paragraph of the order is amended by the insertion of "or Private Clients" after "Funds" in the fourth line;

4. Subparagraph (c) of the order is amended by the insertion of "or Private Client" after "Fund";

5. Subparagraph (d) of the order is amended by the insertion of "(including Private Clients)" after "securityholders"; and

6. Subparagraph (e) of the order is amended by the insertion of "(including Private Clients)" after "Fund".

April 6, 2004

"Susan Wolburgh Jenah" "Paul M. Moore"

2.2.5 Flaherty & Crumrine Incorporated - s. 80 of the CFA

Headnote

Application to the Commission for an order, pursuant to section 80 of the Commodity Futures Act (the "CFA"), that neither Flaherty & Crumrine, nor any of its directors, officers or employees acting on its behalf as an adviser, shall be subject to paragraph 22(1)(b) of the CFA in respect of advice provided for the benefit of an Ontario Fund, the principal investment adviser of which is an Ontario registrant, in respect of trades in commodity futures contracts and commodity futures options traded on commodity futures exchanges outside Canada and cleared through clearing houses outside Canada.

IN THE MATTER OF
THE COMMODITY FUTURES ACT, R.S.O. 1990,
CHAPTER C.20, AS AMENDED

AND

IN THE MATTER OF
FLAHERTY & CRUMRINE INCORPORATED

ORDER
(Section 80)

UPON the application of Flaherty & Crumrine Incorporated ("Flaherty & Crumrine") to the Ontario Securities Commission (the "Commission") for an order, pursuant to section 80 of the Commodity Futures Act (the "CFA"), that neither Flaherty & Crumrine, nor any of its directors, officers or employees acting on its behalf as an adviser, shall be subject to paragraph 22(1)(b) of the CFA in respect of advice provided for the benefit of an Ontario Fund (as defined below), the principal investment adviser of which is an Ontario registrant, in respect of trades in commodity futures contracts and commodity futures options traded on commodity futures exchanges outside Canada and cleared through clearing houses outside Canada (the "Contracts");

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

AND UPON Flaherty & Crumrine having represented to the Commission that:

1. The Flaherty & Crumrine Investment Grade Preferred Fund (the "Fund") is a newly created investment trust established under the laws of Ontario pursuant to a declaration of trust. The Fund has been established for the purpose of holding an actively managed portfolio consisting primarily of preferred shares, hybrid preferred securities and various debt instruments (the "Preferred Portfolio"). At the time of purchase, all of the securities held in the Preferred Portfolio will be rated "investment grade".

2. The Fund will not purchase or sell commodities or commodity contracts except that the Fund may purchase and sell financial futures contracts and related options as part of its hedging strategies. Substantially all of the Preferred Portfolio will be hedged to the Canadian dollar at all times.

3. Brompton Capital Advisors Inc. ("BCA") is the principal investment adviser to the Fund and is registered as an adviser under the *Securities Act*, Ontario (the "OSA") in the categories of investment counsel and portfolio manager and as a limited market dealer. In respect of commodity futures related advice, BCA and its directors, officers and employees rely on section 31(d) of the CFA, which provides registration relief for OSA registrants whose services as "advisers" for purposes of the CFA are solely incidental to their principal business.

4. Flaherty & Crumrine will provide investment advisory and portfolio management services for the benefit of the Fund with respect to both the Preferred Portfolio and certain of the hedging strategies of the Fund.

5. Flaherty & Crumrine is a corporation headquartered in Pasadena, California and specializes in the active management of preferred shares, hybrid preferred securities and debt instruments for institutional investors and publicly traded closed-end funds. Flaherty & Crumrine is registered as an investment adviser under the *Investment Advisers Act* 1940, as amended, with the U.S. Commodities Futures Trading Commission as a commodity trading adviser and is a member of the U.S. National Futures Association.

6. In respect of its securities related investment advisory and portfolio management services for the benefit of the Fund, Flaherty & Crumrine and its directors, officers and employees rely on the exemption from registration under the OSA set out under section 7.3 of Ontario Securities Commission Rule 35-502 – *Non-Resident Advisers*, which provides that a non-resident adviser is exempt from the OSA registration requirement where the principal adviser is a registrant that pursuant to a written agreement, irrevocably accepts responsibility for the services provided by the exempted non-resident. Flaherty & Crumrine is not registered in any capacity under the CFA and does not intend to seek registration under the CFA.

7. Pursuant to a written agreement among Flaherty & Crumrine, BCA, the Fund and the manager of the Fund, BCA will monitor the investment advice (both as relates to securities and as relates to commodity futures) provided for the benefit of the Fund by Flaherty & Crumrine and its directors, officers and employees and will be responsible to

the Fund for any loss that arises as a result of Flaherty & Crumrine or its directors, officers and employees failing to:

(a) exercise their powers and discharge their duties honestly, in good faith and in the best interests of the Fund; or

(b) exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

8. The offering documents of the Fund disclose that BCA will be responsible for Flaherty & Crumrine's investment advice and that to the extent applicable, there may be difficulty in enforcing any legal rights against Flaherty & Crumrine as it is not resident in Canada and as all or a substantial portion of its assets are situated outside of Canada.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the exemptions requested on the basis of the terms and conditions proposed,

IT IS ORDERED pursuant to subsection 80 that Flaherty & Crumrine and its directors, officers and employees are not subject to the requirements of paragraph 22(1)(b) of the CFA in respect of their investment advice and portfolio management services for the benefit of the Fund, provided that:

(a) the obligation and duties of Flaherty & Crumrine as an adviser are set out in a written agreement with BCA;

(b) BCA contractually agrees with the Fund on whose behalf investment advice and portfolio management services are to be provided by Flaherty & Crumrine, its directors, officers and employees to be responsible for any loss that arises out of the failure of Flaherty & Crumrine, its directors, officers or employees so acting as advisers

(i) to exercise the powers and discharge the duties of their office honestly, in good faith and in the best interests of Fund, or

(ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

(c) BCA cannot be relieved by the Fund from its responsibility for loss under paragraph (b);

(d) Flaherty & Crumrine is registered as an investment adviser under the *Investment Advisers Act 1940*, as amended, with the U.S. Commodities Futures Trading Commission as a commodity trading adviser and is a member of the U.S. National Futures Association;

(e) BCA is registered as an investment counsel and portfolio manager under the OSA;

(f) unless BCA is registered under the CFA as a commodity trading manager, at the time of purchase of a Contract by the Fund, after giving effect to such purchase, the original cost of all Contracts of the Fund would not be more than five percent of the total assets of the Fund; and

(g) this Order shall terminate on the day that is three years after the date of the Order.

May 7, 2004.

"Susan Wolburgh Jenah" "H. Lorne Morphy"

2.2.6 Mutual Fund Dealers Association of Canada - s. 144

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

AND

IN THE MATTER OF
MUTUAL FUND DEALERS ASSOCIATION OF CANADA/
ASSOCIATION CANADIENNE DES
COURTIERS DE FONDS MUTUELS
(THE "MFDA")

AMENDMENT AND RESTATEMENT
OF RECOGNITION ORDER
(Section 144)

WHEREAS the Commission issued an order dated February 6, 2001, recognizing the MFDA as a self-regulatory organization for mutual fund dealers pursuant to section 21.1 of the Act ("Previous Order");

AND WHEREAS the Commission has determined that it is not prejudicial to the public interest to issue an order that amends and restates the Previous Order to (a) reflect changes in the MFDA's governance structure, (b) clarify the MFDA's ability to enter into arrangements with another suitable body or person to perform the function of enforcing compliance by MFDA members with the MFDA's or such other body or person's substantially similar by-laws, rules, regulations, policies, forms, and other similar instruments, and (c) remove certain terms and conditions of the Previous Order that were transitional and have been satisfied by the MFDA;

IT IS ORDERED pursuant to section 144 of the Act that the Previous Order be amended and restated as follows:

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

AND

IN THE MATTER OF
MUTUAL FUND DEALERS ASSOCIATION OF CANADA/
ASSOCIATION CANADIENNE DES
COURTIERS DE FONDS MUTUELS
(the "MFDA")

RECOGNITION ORDER
(Section 21.1)

WHEREAS the Commission recognized the MFDA as a self-regulatory organization for mutual fund dealers on February 6, 2001 ("Previous Order"), subject to terms and conditions;

AND WHEREAS the MFDA has requested in an application dated October 24, 2003, that certain changes be made to the Previous Order;

AND WHEREAS the Board of Directors of the MFDA has passed amendments to the MFDA's by-laws to change the MFDA's governance structure in order to provide for a proper balance among the interests of MFDA members and appropriate representation of individuals who represent the public interest on the MFDA Board of Directors and its committees and bodies;

AND WHEREAS the MFDA intends to enter into arrangements with other parties, subject to the consent of the Commission, for such other parties to perform the function of enforcing compliance by MFDA members, who conduct securities-related business in Quebec, with the MFDA's or such other parties' substantially similar by-laws, rules, regulations, policies, forms, and other similar instruments;

AND WHEREAS certain terms and conditions of the Previous Order were transitional in nature and the Commission is satisfied that the MFDA has met those terms and conditions;

AND WHEREAS the MFDA will continue to regulate, in accordance with its Rules, the operations and the standards of practice and business conduct of its members and their Approved Persons as defined under its Rules;

AND WHEREAS the Commission has considered the application and related submissions of the MFDA for continued recognition as a self-regulatory organization for mutual fund dealers;

AND WHEREAS the Commission has received certain representations and acknowledgements from the MFDA in connection with the MFDA's continued recognition as a self-regulatory organization;

AND WHEREAS the Commission considers it appropriate to set out in an order the terms and conditions of MFDA's continued recognition as a self-regulatory organization for mutual fund dealers, which terms and conditions are set out in Schedule A attached;

AND WHEREAS the MFDA has agreed to the terms and conditions set out in Schedule A;

AND WHEREAS the Commission is satisfied that MFDA recognition continues to be in the public interest;

THE COMMISSION HEREBY AMENDS AND RESTATES the MFDA's recognition as a self-regulatory organization so that the recognition pursuant to section 21.1 of the Act continues, subject to the terms and conditions attached as Schedule A.

March 30, 2004.

"Susan Wolburgh Jenah" "David A. Brown"

SCHEDULE A

TERMS AND CONDITIONS OF RECOGNITION OF THE MUTUTAL FUND DEALERS ASSOCIATION OF CANADA AS A SELF-REGULATORY ORGANIZATION FOR MUTUAL FUND DEALERS

1. DEFINITIONS

For the purposes of this Schedule:

"Approved Person" has the same meaning as that under the MFDA rules, as amended by the MFDA and approved by the Commission from time to time;

"member" means a member of the MFDA;

"rules" means the by-laws, rules, regulations, policies, forms, and other similar instruments of the MFDA; and

"securities legislation" has the same meaning as that defined in National Instrument 14-101.

2. STATUS

The MFDA is and shall remain a not-for-profit corporation.

3. CORPORATE GOVERNANCE

(A) The MFDA's arrangements with respect to the appointment, removal from office and functions of the persons ultimately responsible for making or enforcing the rules of the MFDA, being the Board of Directors (the "Board"), shall secure a proper balance between the interests of the different members of the MFDA in order to ensure diversity of representation on the Board. In recognition that the protection of the public interest is a primary goal of the MFDA, a reasonable number and proportion of directors on the Board and on the committees of the Board shall be and remain during their term of office Public Directors and a Public Director is a director:

(i) who is not a current director (other than a Public Director), officer or employee of, or of an associate or affiliate of:

(a) the MFDA,

(b) any protection or contingency fund in which Members (at the time the director holds the relevant office) are required to participate, or

(c) the Investment Funds Institute of Canada or the Investment Dealers Association of Canada;

(ii) who is not a current director, partner, significant shareholder, officer, employee or agent of a Member, or of an associate or affiliate of a Member, of:

(a) the MFDA,

(b) any protection or contingency fund in which Members (at the time the director holds the relevant office) are required to participate, or

(c) the Investment Funds Institute of Canada or the Investment Dealers Association of Canada;

(iii) who is not a current employee of a federal, provincial or territorial government or a current employee of an agency of the Crown in respect of such government;

(iv) who is not a current member of the federal House of Commons or member of a provincial or territorial legislative assembly;

(v) who has not, in the two years prior to election as a Public Director, held a position described in (i)-(iv) above;

(vi) who is not:

(a) an individual who provides goods or services to and receives direct significant compensation from, or

(b) an individual who is a director, partner, significant shareholder, officer or employee of an entity that receives significant revenue from services the entity

provides to, if such individual's compensation from that entity is significantly affected by the services such individual provides to,

the MFDA or any protection or contingency fund in which Members are required to participate, or a Member of the MFDA; and

(vii) who is not a member of the immediate family of the persons listed in (i)-(vi) above.

For the purposes of this definition:

(a) "significant compensation" and "significant revenue" means compensation or revenue the loss of which would have, or appear to have, a material impact on the individual or entity, and

(b) "significant shareholder" means an individual who has an ownership interest in the voting securities of an entity, or who is a director, partner, officer, employee or agent of an entity that has an ownership interest in the voting securities of another entity, which voting securities in either case carry more than 10% of the voting rights attached to all voting securities for the time being outstanding.

(B) The MFDA's governance structure shall provide for:

(i) at least 50% of its directors, other than its President and Chief Executive Officer, shall be Public Directors;

(ii) the President and Chief Executive Officer of the MFDA is deemed to be neither a Public Director nor a non-Public Director;

(iii) appropriate representation of Public Directors on committees and bodies of the Board, in particular:

(a) at least 50% of directors on the governance committee of the Board shall be Public Directors,

(b) a majority of directors on the audit committee of the Board shall be Public Directors,

(c) at least 50% of directors on the executive committee of the Board, if any, shall be Public Directors,

(d) meetings of the Board shall have a quorum requirement of a reasonable number and proportion of Public Directors and non-Public Directors, with at least two Public Directors, and

(e) meetings of any committee or body of the Board shall have a quorum requirement of a reasonable number and proportion of Public Directors and non-Public Directors, provided that if the committee or body has Public Directors then the quorum must require at least one Public Director be present;

(iv) the remaining number of directors serving on the Board and on the above referred to committees and bodies of the Board, shall consist of directors representing the different members of the MFDA to ensure diversity of representation on the Board in accordance with paragraph (A);

(v) appropriate qualification, remuneration, and conflict of interest provisions and provisions with respect to the limitation of liability of and indemnification protection for directors, officers and employees of the MFDA; and

(vi) a chief executive officer and other officers, all of whom, except for the chair of the Board, are independent of any member.

4. FEES

(A) Any and all fees imposed by the MFDA on its members shall be equitably allocated and bear a reasonable relation to the costs of regulating members, carrying out the MFDA's objects and protecting the public interest. Fees shall not have the effect of creating unreasonable barriers to membership and shall be designed to ensure that the MFDA has sufficient revenues to discharge its responsibilities.

(B) The MFDA's process for setting fees shall be fair, transparent, and appropriate.

5. COMPENSATION OR CONTINGENCY TRUST FUNDS

The MFDA shall co-operate with compensation funds or contingency trust funds that are from time to time considered by the Commission under securities legislation to be compensation funds or contingency trust funds for mutual fund dealers and with any such fund that has applied to the Commission to be considered such funds (the "IPPs"). The MFDA shall ensure that its rules give it the power to assess members, and require members to pay such assessments, on account of assessments or levies made by or in respect of an IPP.

6. MEMBERSHIP REQUIREMENTS

(A) The MFDA's rules shall permit all properly registered mutual fund dealers who satisfy the membership criteria to become members thereof and shall provide for the non-transferability of membership.

(B) Without limiting the generality of the foregoing, the MFDA's rules shall provide for:

(i) reasonable financial and operational requirements, including minimum capital and capital adequacy, debt subordination, bonding, insurance, record-keeping, new account, knowledge of clients, suitability of trades, supervisory practices, segregation, protection of clients' funds and securities, operation of accounts, risk management, internal control and compliance (including a written compliance program), client statement, settlement, order taking, order processing, account inquiries, confirmation and back office requirements;

(ii) reasonable proficiency requirements (including training, education and experience) with respect to Approved Persons of members;

(iii) consideration of disciplinary history, including breaches of applicable securities legislation, the rules of other self regulatory organizations or MFDA rules, prior involvement in criminal, relevant quasi-criminal, administrative or insolvency proceedings or civil proceedings involving business conduct or alleging fraudulent conduct or deceit, and prior business and other conduct generally, of applicants for membership and any partners, directors and officers, in order that membership may, where appropriate, be refused where any of the foregoing have previously engaged in improper conduct, and shall be refused where the past conduct of any of the foregoing affords reasonable grounds for belief that the applicant's business would not be conducted with integrity;

(iv) reasonable consideration of relationships with other members and other business activities to ensure the appropriateness thereof; and

(v) consideration of the ownership of applicants for membership

under the criteria established in paragraph 6(E).

(C) The MFDA shall require members to confirm to the MFDA that persons that it wishes to sponsor, employ or associate with as Approved Persons comply with applicable securities legislation and are properly registered.

(D) The MFDA rules shall require a member to give prior notice to the MFDA before any person or company acquires a material registered or beneficial interest in securities or indebtedness of or any other ownership interest in the member, directly or indirectly, or becomes a transferee of any such interests, or before the member engages in any business combination, merger, amalgamation, redemption or repurchase of securities, dissolution or acquisition of assets. In each case there may be appropriate exceptions in the case of publicly traded securities, de minimis transactions that do not involve changes in de facto or legal control or the acquisitions of material interests or assets, and non-participating indebtedness.

(E) The MFDA rules shall require approval by the MFDA in respect of all persons or companies proposing to acquire an ownership interest in a member in the circumstances outlined in paragraph 6(D) and, except as provided in paragraph 6(F), for approval of all persons or companies that satisfy criteria providing for:

(i) consideration of disciplinary history, including breaches of applicable securities legislation, the rules of other self-regulatory organizations or MFDA rules, involvement in criminal, relevant quasi-criminal, administrative or insolvency proceedings or civil proceedings involving business conduct or alleging fraudulent conduct or deceit, and prior business and other conduct generally; and

(ii) reasonable consideration of relationships with other members and involvement in other business activities to ensure the appropriateness thereof.

(F) The MFDA rules shall give the MFDA the right to refuse approval of all persons or companies that are proposing to acquire an ownership interest in a member in the circumstances outlined in paragraph 6(D) who do not agree to:

(i) submit to the jurisdiction of the MFDA and comply with its rules;

(ii) notify the MFDA of any changes in his, her or its relationship with the member or of any involvement in criminal, relevant quasi-criminal, administrative or insolvency proceedings or in civil proceedings involving business conduct or alleging fraudulent conduct or deceit;

(iii) accept service by mail in addition to any other permitted methods of service;

(iv) authorize the MFDA to co-operate with other regulatory and self-regulatory organizations, including sharing information with these organizations; and

(v) provide the MFDA with such information as it may from time to time request and full access to and copies of any records.

(G) The MFDA shall notify the Commission forthwith of members whose rights and privileges will be suspended or terminated or whose membership will be terminated, and in each case the MFDA shall identify the member, the reasons for the proposed suspension or termination and provide a description of the steps being taken to ensure that the member's clients are being dealt with appropriately.

7. COMPLIANCE BY MEMBERS WITH MFDA RULES

(A) The MFDA shall enforce, as a matter of contract between itself and its members, compliance by its members and their Approved Persons with the rules of the MFDA and the MFDA shall cooperate with the Commission in ensuring compliance with applicable securities legislation relating to the operations, standards of practice and business conduct of members and Approved Persons, without prejudice to any action that may be taken by the Commission under securities legislation.

(B) The MFDA shall conduct periodic reviews of its members and the members' Approved Persons to ensure compliance by its members and the members' Approved Persons with the rules of the MFDA and shall conduct such reviews at a frequency requested by the Commission or its staff. The MFDA shall provide notice to staff of the Commission of any material violations of securities legislation of which it becomes aware in the ordinary course operation of its business. The MFDA shall also cooperate with the Commission in the conduct of reviews of its members and the members' Approved Persons as requested by the Commission or its staff, to ensure compliance by its members and their Approved Persons with applicable securities legislation.

(C) The MFDA shall promptly report to the Commission when:

(i) any member has failed to file on a timely basis any required financial, operational or other report;

(ii) early warning thresholds established by the MFDA that would reasonably be expected to raise concerns about a member's liquidity, risk-adjusted capital or profitability have been triggered by any member; and

(iii) any condition exists with respect to a member which, in the opinion of the MFDA, could give rise to payments being made out of an IPP, including any condition which, alone or together with other conditions, could, if appropriate corrective action is not taken, reasonably be expected to:

(a) inhibit the member from promptly completing securities transactions, promptly segregating clients' securities as required or promptly discharging its responsibilities to clients, other members or creditors,

(b) result in material financial loss, or

(c) result in material misstatement of the member's financial statements.

The MFDA shall, in each case, identify the member, describe the circumstances that gave rise to the reportable event and describe the MFDA's proposed response to ensure the identified circumstances are resolved.

(D) The MFDA shall promptly report to the Commission actual or apparent misconduct by members and their Approved Persons and others where investors, creditors, members, an IPP or the MFDA may reasonably be expected to suffer serious damage as a consequence thereof, including where the solvency of a member is at risk, fraud is present or there exist serious deficiencies in supervision or internal controls or non-compliance with MFDA rules or securities legislation. The MFDA shall, in each case, identify the member, the Approved Persons, or others, and the misconduct or deficiency as well as the MFDA's proposed response to ensure that the identified problem is resolved.

(E) The MFDA shall advise the Commission promptly following the taking of any action by it with respect to any member in financial difficulty.

(F) The MFDA shall promptly advise each other self-regulatory organization and IPP of which a member is a participant or which provides compensatory coverage in respect of the member, of any actual or apparent material breach of the rules thereof of which the MFDA becomes aware.

8. DISCIPLINE OF MEMBERS AND APPROVED PERSONS

(A) The MFDA shall, as a matter of contract, have the right to and shall appropriately discipline its members and their Approved Persons for violations of the rules of the MFDA and shall cooperate with the Commission in the enforcement of applicable securities legislation relating to the operations, standards of practice and business conduct of the members and Approved Persons, without prejudice to any action that may be taken by the Commission under securities legislation.

(B) The MFDA rules shall enable it to prevent the resignation of a member from the MFDA if the MFDA considers that any matter affecting the member or any registered or beneficial holder of a direct or indirect ownership interest in securities, indebtedness or other interests in the member, or in a person or company associated or affiliated with the member or affecting the member's Approved Persons or any of them, should be investigated or that the member or any such person, company or Approved Person should be disciplined.

(C) The MFDA shall require its members and their Approved Persons to be subject to the MFDA's review, enforcement and disciplinary procedures.

(D) The MFDA shall notify

(i) the Commission in writing, and

(ii) the public and the media

(a) of any disciplinary or settlement hearing, as soon as practicable and in any event not less than 14 days prior to the date of the hearing, and

(b) of the disposition of any disciplinary action or settlement, including any discipline imposed, and shall promptly make available any written decision and reasons.

(E) Any notification required under paragraph 8 (D) shall include, in addition to any other information specified in paragraph 8 (D), the names of the member and the relevant Approved Persons together with a summary of circumstances that gave rise to the proceedings.

(F) The MFDA shall maintain a register to be made available to the public, summarizing the information which is required to be disclosed to the Commission under paragraphs 8 (D) and (E).

(G) The information given to the Commission under paragraphs 8 (D) and (E) will be published by the Commission unless the Commission determines otherwise.

(H) The MFDA shall at least annually review all material settlements involving its members or their Approved Persons and their clients with a view to determining whether any action is warranted, and the MFDA shall prohibit members and their Approved Persons from imposing confidentiality restrictions on clients vis-à-vis the MFDA or the Commission, whether as part of a resolution of a dispute or otherwise.

(I) Disciplinary and settlement hearings shall be open to the public and media except where confidentiality is required for the protection of confidential matters. The criteria and any changes thereto for determining these exceptions shall be specified and submitted to the Commission for approval.

9. DUE PROCESS

The MFDA shall ensure that the requirements of the MFDA relating to admission to membership, the imposition of limitations or conditions on membership, denial of membership and termination of membership are fair and reasonable, including in respect of notice, an opportunity to be heard or make representations, the keeping of a record, the giving of reasons and provision for appeals.

10. PURPOSE OF RULES

(A) The MFDA shall, subject to the terms and conditions of its recognition and the jurisdiction and oversight of the Commission in accordance with securities legislation, establish such rules as are necessary or appropriate to govern and regulate all aspects of its business and affairs and shall in so doing:

(i) seek to ensure compliance by members and their Approved Persons with applicable securities legislation relating to the operations, standards of practice and business conduct of the members;

(ii) seek to prevent fraudulent and manipulative acts and practices and to promote the protection of investors, just and equitable principles of trade and high standards of operations, business conduct and ethics;

(iii) seek to promote public confidence in and public

understanding of the goals and activities of the MFDA and to improve the competence of members and their Approved Persons;

(iv) seek to standardize industry practices where appropriate for investor protection;

(v) seek to provide for appropriate discipline;

and shall not:

(vi) permit unfair discrimination among investors, mutual funds, members or others; or

(vii) impose any barrier to competition that is not appropriate.

(B) Unless otherwise approved by the Commission, the rules of the MFDA governing the conduct of member business regulated by the MFDA shall afford investors protection at least equivalent to that afforded by securities legislation, provided that higher standards in the public interest shall be permitted and are encouraged.

11. RULES AND RULE-MAKING

(A) No new rules, changes to rules (which shall include any revocation in whole or in part of a rule) or suspension of rules shall be made effective by the MFDA without prior approval of the Commission. Any such rules, changes or suspensions shall be justified by reference to the permitted purposes thereof (having regard to paragraph 10). The approval process shall be subject to a memorandum of understanding between the Commission and the MFDA to be established regarding the review and approval of rules and amendments and suspensions thereto.

(B) Prior to proposing a new rule, changes to a rule (which shall include any revocation in whole or in part of a rule) or a suspension of a rule, the Board shall have determined that the entry into force of such rule or change or the suspension of the rule would be in the public interest and every proposed new rule, change or suspension must be accompanied by a statement to that effect.

(C) All rules, changes to rules and suspensions of rules adopted by the Board must be filed with the Commission.

(D) A copy of all written notices relevant to the rules or to the business and activities of members, their Approved Persons or other employees or agents to assist in the interpretation, application of and compliance with the rules and legislation relevant to such business and activities shall be provided to the Commission.

(E) The MFDA shall, wherever practicable, document its interpretations of its rules and distribute copies of that documentation to its members and the Commission.

12. OPERATIONAL ARRANGEMENTS AND RESOURCES

(A) The MFDA shall have adequate arrangements and resources for the effective monitoring and enforcement of compliance with its rules. With the consent of the Commission, the arrangements for monitoring and enforcement may make provision for the following:

(i) one or more parts of those functions to be performed (and without affecting its responsibility) by another body or person that is able and willing to perform it; and

(ii) its members and their Approved Persons to be deemed to be in compliance with its rules by complying with the substantially similar rules of such other body or person.

The Commission's consent may be varied or revoked from time to time and may be subject to terms and conditions.

(B) The MFDA shall respond promptly and effectively to public inquiries and generally shall have effective arrangements for the investigation of complaints (including anonymous complaints) against its members or their Approved Persons. With the consent of the Commission, such arrangements may make provision for one or more parts of that function to be performed on behalf of the MFDA (and without affecting its responsibility) by another body or person that is able and willing to perform it. The Commission's consent may be

varied or revoked from time to time and may be subject to terms and conditions. The MFDA and any other body or person performing such function on behalf of the MFDA shall not refrain from investigating complaints due to the anonymity of the complainant where the complaint is otherwise worthy of investigation and sufficiently detailed to permit investigation.

(C) The MFDA shall ensure that it is accessible to the public and shall designate and make available to the public the names and telephone numbers of persons to be contacted for various purposes, including making complaints and enquiries.

(D) The arrangements and resources referred to in paragraphs (A) and (B) above shall consist at a minimum of:

(i) a sufficient complement of qualified staff, including professional and other appropriately trained staff;

(ii) an adequate supervisory structure;

(iii) adequate management information systems;

(iv) a compliance department and an enforcement department with appropriate reporting structures directly to senior management, and with written procedures wherever practicable;

(v) procedures and structures that minimize or eliminate conflicts of interest within the MFDA;

(vi) inquiry and complaint procedures and a public information facility, including with respect to the discipline history of members and their Approved Persons;

(vii) guidelines regarding appropriate disciplinary sanctions; and

(viii) the capacity and expertise to hold disciplinary hearings (including regarding proposed settlements) utilizing public representatives within the meaning of the current section 19.5 of the MFDA's By-Law No. 1 together with member representatives.

(E) The MFDA shall cooperate and assist with any reviews, scheduled or unscheduled, of its self-regulatory functions by an IPP or the Commission. In addition, in the event that the Commission is of the view that there has been a serious actual or apparent failure in the MFDA's fulfilment of its self-regulatory functions, the MFDA shall, where requested by the Commission, undergo an independent third party review on terms and by a person or persons satisfactory to or determined by the Commission, which review shall be at the expense of the MFDA.

(F) The MFDA shall cooperate and assist with any reviews, scheduled or unscheduled, of its corporate governance structure by the Commission. In addition, in the event that the Commission is of the view that there has been a serious weakness in the MFDA's corporate governance structure, the MFDA shall upon the request of the Commission undergo an independent third party review on terms and by a person or persons satisfactory to or determined by the Commission, which review shall be at the expense of the MFDA.

(G) The MFDA shall not make material changes to its organizational structure, which would affect its self-regulatory functions, without prior approval of the Commission.

(H) The MFDA shall comply with reporting requirements set out in Appendix A, as amended from time to time by the Commission or its staff. The MFDA shall also provide the Commission with other reports, documents and information as the Commission or its staff may be reasonably request.

13. INFORMATION SHARING

The MFDA shall cooperate, by sharing information and otherwise, with IPPs, the Commission and its staff, and other Canadian federal, provincial and territorial recognized self-regulatory organizations and regulatory authorities, including without limitation, those responsible for the supervision or regulation of securities firms, financial institutions, insurance matters and competition matters. The Commission and its staff shall have unrestricted access to the books and records, management, staff and systems of the MFDA.

14. SUSPENSION OF MFDA RULE 2.4.1

MFDA Rule 2.4.1 is suspended and will continue to be suspended until December 31, 2006, in the Provinces of British Columbia, Saskatchewan, Ontario and Nova Scotia, and during such periods the MFDA shall comply with the following conditions:

(A) the MFDA shall co-operate with the Commission and its staff, including participating on any joint industry and regulatory committee struck by the Commission and its staff, in their efforts to develop amendments to applicable securities legislation that would, among other things, allow an Approved Person to carry on securities related business (within the meaning of the MFDA rules) through a corporation, while preserving that Approved Person's and the member's liability to clients for the Approved Person's actions;

(B) the MFDA shall, as a condition of a member or Approved Person being entitled to rely on the suspension of Rule 2.4.1, require that the member and its Approved Persons agree, and cause any recipient of commissions on behalf of Approved Persons that is itself not registered as a dealer or a salesperson to agree, to provide to the MFDA, the Commission and the applicable member access to its books and records for the purpose of determining compliance with the rules of the MFDA and applicable securities legislation;

(C) the MFDA shall ensure in connection with the suspension of Rule 2.4.1 that members and Approved Persons comply with the remaining Rules, with specific reference to Rule 1 Business Structures and Qualifications, Rule 1.2.1(d) Dual Occupations and the rule noted above in paragraph (B);

(D) the MFDA shall ensure that members applying for membership are made aware of the requirements of Rule 1 by delivering to each applicant a copy of its Notice MR-0002; and

(E) the MFDA shall not accept a member whose relationship with its Approved Persons does not comply with the rules of the MFDA and in particular, Rule 1, unless the MFDA has granted exemptive relief to that applicant under the authority granted to the Board of Directors under section 38 By-law No. 1.

APPENDIX A

Reporting Requirements

1. Prior Notification

1.1 The MFDA shall advise the Commission in advance of any proposed material changes or reductions in its financial review program or operational and sales compliance review programs, including as to procedures or scope, or any proposed changes in its external audit instructions and of any proposed material changes or reductions in the operation of its investigation or enforcement programs.

2. Immediate Notification

2.1 The MFDA shall give the Commission notice of new directors, officers and committee chairpersons, including a 5 year employment history and information as to the involvement in criminal, relevant quasi-criminal, administrative or insolvency proceedings and civil proceedings involving business conduct or alleging fraudulent conduct or deceit in respect of each such person.

3. Annual Reporting

The MFDA shall within 120 days of its fiscal year end file the following information and reports to the Commission:

3.1 The MFDA's self-regulatory staff complement, by function, and of any material changes or reductions in self-regulatory staff, by function;

3.2 Copy or summary of self-assessment by management of the MFDA's performance of its self-regulatory responsibilities and any proposed actions arising therefrom. The self-assessment shall, for each of the MFDA's member regulatory functions, set performance measurements against which performance can be compared, and identify major successes, significant problem areas, plans to resolve these problems, recruitment and training plans, and other information as reasonably requested by the Commission or its staff; and

3.3 The MFDA's budget and audited financial statements.

2.2.7 First Clearing, LLC - s. 211 of Reg. 1015

Headnote

Applicant for registration as an international dealer exempted from the requirement in subsection 208(2) of the Regulation that it carry on the business of an underwriter in a country other than Canada where applicant carries on the business of a dealer in another country and will not act as an underwriter in Ontario.

Statutes Cited

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

Regulations Cited

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

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

AND

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

AND

IN THE MATTER OF
FIRST CLEARING, LLC

ORDER
(Section 211 of the Regulation)

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

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is not currently registered in any capacity under the Act and has filed an application for registration under the Act as a dealer in the category of "international dealer".

2. The Applicant is a limited liability company organized under the laws of the state of Delaware in the United States of America (the "USA"). The Applicant's registered office is in Virginia in the USA.

3. The Applicant is registered as a broker-dealer in the USA with the Securities and Exchange Commission and carries on the business of a broker-dealer in the USA. The Applicant is a member in good standing of the National Association of Securities Dealers, Inc.

4. In the USA, the Applicant carries on the business of a broker-dealer (as defined in sections 3(a)(4) and 3(a)(5) of the Securities Exchange Act of 1934). The Applicant acts as a carrying broker and engages in clearance and settlement transactions in global securities.

5. The Applicant does not currently act as an underwriter in the USA or in any jurisdiction in the world.

6. Subsection 208(2) of the Regulation provides that: "No person or company may register as an international dealer unless the person or company carries on the business of a dealer and underwriter in a country other than Canada".

7. The Applicant will not act as an underwriter in Ontario if it is registered under the Act as an "international dealer", despite the fact that subsection 100(3) of the Regulation deems an "international dealer" to have been granted registration as an underwriter for the purposes of a distribution which it is authorized to make by section 208 of the Regulation.

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

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

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

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

(2) despite subsection 100(3) of the Regulation, the Applicant does not act as an underwriter in Ontario.

April 6, 2004.

"Paul M. Moore" "Susan Wolburgh Jenah"

2.2.8 Certain Directors, Officers and Insiders of Nortel Networks Corporation and Nortel Networks Limited - para. 127(1)2 and ss. 127(5)

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

AND

**IN THE MATTER OF
CERTAIN DIRECTORS, OFFICERS AND INSIDERS OF
NORTEL NETWORKS CORPORATION AND
NORTEL NETWORKS LIMITED
(BEING THE INDIVIDUALS AND ENTITIES LISTED
IN SCHEDULE "A" HERETO)**

**TEMPORARY ORDER
(Paragraph 127(1)2 and subsection 127(5))**

WHEREAS it appears to a Director of the Ontario Securities Commission (the "Director") that:

1. Each of Nortel Networks Corporation ("NNC") and Nortel Networks Limited ("NNL") is incorporated under the *Canada Business Corporations Act* and is a reporting issuer in the Province of Ontario.

2. Each of the individuals and entities listed in Schedule "A" (individually, a "Respondent" and collectively, the "Respondents") is, or was, at some time since the end of the period covered by the last financial statements filed by NNC and NNL, namely September 30, 2003, a director, officer or insider of NNC or NNL and during that time had, or may have had, access to material information with respect to NNC and NNL that has not been generally disclosed.

3. On April 28, 2004, NNC issued and filed on SEDAR a press release disclosing that each of NNC and NNL will restate the financial results reported in each of the quarterly periods of 2003 and for earlier periods including 2002 and 2001 and will be delayed in filing its annual financial statements for the year ended December 31, 2003 by the required filing date under Ontario securities law, namely May 19, 2004 and its interim statements for the first quarter ended March 31, 2004 by the required filing date under Ontario securities law, namely May 15, 2004.

4. Each of NNC and NNL has failed to file its interim statements for the three-month period ended March 31, 2004 as required to be filed under Ontario securities law on or before May 15, 2004, and has not filed such statements as of the date of this order.

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

AND WHEREAS the Director is of the opinion that the length of time required to conclude a hearing could be prejudicial to the public interest;

IT IS ORDERED pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act that, effective immediately, all trading, whether direct or indirect, by the Respondents in the securities of NNC and NNL shall cease for a period of 15 days from the date of this order.

May 17, 2004.

"John Hughes"

Schedule "A"

Adam, Herve
Auriol, Helene Marie Jacqueline Madeleine
Barnes, Debbie
Barrios, Alvio
Beatty, Douglas Charles
Bejar, Martha Helena
Bhatnagar, Atul
Biard, James Anthony
Bifield, Allan
Bischoff, Dr., Manfred
Biston, Alain Mathieu Pierre
Blanchard, James Johnston
Boggs, David Wood
Bolouri, Chahram
Borowiecki, Thomas Julian
Brown, Robert Ellis
Browne, Peter Eldon
Buffett, David Alan
Byrd, Richard Andrew
Callaghan, Barbara Rose
Carbone, Peter John
Casamitjana-Cucurella, Jordi
Cervantes, Victor
Champagne, Jean
Chan, Hung Cheong (Sidney)
Chronowic, Peter
Cleghorn, John Edward
Clement, Michel
Clemons, Stephen Wayne
Collins, Malcolm Kevin
Connor, Daniel
Cooper, Helen Louise
Cote, Dennis Jonhn Gerard
Cozyn, Martin Albert
Cross, Mary Mcgehee
Cuesta, George Julio
Dadyburjor, Khush Sam
Davies, Gordon Allan
Debon, Pascal
Decardenas, Alfredo Tomas
Deroma, Nicholas John
Di Giuseppe, Pierfrancesco
Dodd, Randy Kevin
Donoghue, Adrian Joseph
Donovan, William John
Doolittle, John Marshall
Dubois, Claude
Dunn, Frank Andrew
Edwards, Darryl Alexander
Elliott, Stephen Bennett
Esteridge, Winston Sylvester
Farmer, Cecil Gregory
Ferguson, Robert Lindsey Miller
Fisher, Arthur Walter
Fortier, Louis Yves
Gasnier, Michel Roger
Giamatteo, John Joseph
Gibson, David Fraser
Gigliotti, Thomas Andrew
Gold, Ashley
Gollogly, Michael Jerard

Hamilton, Douglas Alexander
Haydon, John Bradley
Hegemann, Holger
Higginbotham, Ernest Ryan
Hitchcock, Albert Roger
Hoadley, John Philip
Holmes, Robert Devon
Hudson, David Victor
Hudson, Vivian Catharine
Ingram, Robert Alexander
Joannou, Dion Constandino
Johnson, Craig Allan
Jones, Stephen Glenn
Kelly, Peter John Anthony
Kerr, William
Khadbai, Abdul Aziz
King, Elena
Kinney, James Brittain
Krebs, Laurie Ann
Langlois, Michael John
Lanier, Gayle La'verne
Lasalle, William Joseph
Lester, Monica Lynne
Lin, Yuan-Hao
Lloyd, Geoffrey James
Lo, Kai Yuen Edmond
Lockhart, Lewis Karl
Lowe, Richard Stephen
Lowe, Tonya Lee
Mackinnon, Peter David
MacLaren, Peter
Maclean, Roy James
MacLeod, Ross
Mao, Robert Yu Lang
McFadden, Brian William
McFeely, Scott Alexander
McGregor, Douglas James
McMonagle, Angela Marie
Megura, Walter
Michaelides, Douglas Walter
Milan, Norberto
Moore (Pearson), Louise Elizabeth
Morfe Jr., Claudio
Morin, Philippe
Morrison, Blair Fraser
Mumford, Donald Gregory
Murash, Barry
Murashige, David Hilliker
Murphy, Peter Michael
Newcombe, Peter James
Noble, Deborah Jean
O'Flynn, Michael Joseph
Owens, William Arthur
Pagani, Marco
Pahapill, Maryanne Elisabeth
Pangia, Michael Anthony
Pecot, Kenneth Wesley
Pierson, Alexander John Briens
Preston, Tony Keith
Pugh, Gareth Alan David
Pusey, Stephen Charles
Quinn, Gordon William
Rea, Jeffrey Leonard
Rhodes, Patrick Alan
Richardson, Clent
Safarikas, Al
Saffell Jr., Charles Raymond
Saucier, Guylaine
Schilling, Steven Leo
Shakespeare, Barry Keith
Sicotte, Luc Paul
Slattery, Stephen Francis
Sledge, Karen Elizabeth
Smith, Sherry Lee
Smith Jr., Sherwood Hubbard
Southern, Barry John
Spradley, Susan Louise
Sproule, Donald Ernest
Stark, Ryan Michael
Stevens, Mark William
Stevenson, Katherine Berghuis
Stoddard, Alan Grant
Stout, Allen Keith
Swanson, Roxann Lee
Tariq, Masood Ahmad
Taylor, Kenneth Robert Wesley
Taylor, Kevin
Tsui, Stephen
Valia, Ashoka
Vazquez Oria, Pablo Abel
Washburn, Robert Peter
Watkins, Timothy Ian
Wheatley, Randolph Osorio
Whitehurst, Jay Floyd
Whitton, Mark James Christopher
Williams, Timothy Louis
Wilson, Lynton Ronald
Wood, Robert Graham
Wood, Steven Victor
Wu, Jang-Shang (Jackson)

2.2.9 The Learning Library Inc. - s. 144

Headnote

Section 144 - partial revocation of cease trade order to permit certain trades pursuant to a private placement.

Statutes Cited

Securities Act, R.S.O. 1990, 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, (the "Act")

AND

IN THE MATTER OF
THE LEARNING LIBRARY INC.

ORDER
(Section 144)

WHEREAS the securities of The Learning Library Inc. (the "Issuer") are subject to a temporary order of the Director dated June 3, 2003 under paragraph 127(1)2 and subsection 127(5) of the Act and extended by a further order of the Director dated June 13, 2003 (collectively referred to as the "Cease Trade Order") directing that trading in the securities of the Issuer cease;

AND WHEREAS the Issuer has applied to the Ontario Securities Commission (the "Commission") for an order pursuant to section 144 of the Act for a partial revocation of the Cease Trade Order;

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

1. The Issuer is a corporation formed under the *Business Corporations Act* (Ontario) on June 25, 2001 by the amalgamation (the "Amalgamation") of The Learning Library Inc. with Sydenham Capital Inc. and E-Amigos.com Inc., both capital pool companies listed on the TSX Venture Exchange (the "Exchange").

2. Pursuant to the Amalgamation, the Issuer became a reporting issuer in the provinces of British Columbia and Alberta, having inherited the reporting issuer status of both Sydenham Capital Inc. and E-Amigos.com Inc., and was listed on the Exchange. Subsequent to the Amalgamation, the Issuer applied for, and was granted, reporting issuer status in the Province of Ontario.

3. The authorized capital of the Issuer consists of an unlimited number of common shares and an unlimited number of preferred shares, of which 24,987,199 common shares and 2,661,333 preferred shares are issued and outstanding.

4. As a result of its financial hardship, the Issuer failed to file its unaudited interim financial statements for the three month period ended March 31, 2003 (the "Initial Financial Statements in Default").

5. As a result of the Issuer's failure to file the Initial Financial Statements in Default, the Commission issued the Cease Trade Order.

6. As a result of the imposition of the Cease Trade Order, the Exchange suspended trading in the Issuer's shares on June 3, 2003.

7. On June 17, 2003, the British Columbia Securities Commission issued a cease trade order against the Issuer (the "BC Cease Trade Order") and on October 10, 2003, the Alberta Securities Commission issued a cease trade order against the Issuer (the "Alberta Cease Trade Order").

8. Since the Cease Trade Order was issued, the Issuer has failed to file the following additional financial statements within the timeframes required by applicable securities laws:

   (i) unaudited interim financial statements for the six month period June 30, 2003; and

   (ii) unaudited interim financial statements for the nine month period ended September 30, 2003,

   collectively, with the unaudited interim financial statements for the three month period ended May 30, 2003, the "Financial Statements in Default").

9. On March 25, 2004, the Issuer filed the Financial Statements in Default with the securities regulatory authorities in the provinces of Alberta, British Columbia and Ontario through SEDAR.

10. The Issuer has filed Form 13-502F1 with the Commission and paid the appropriate participation fee to the Commission for the year ended December 31, 2003 pursuant to Commission Rule 13-502. The Issuer is currently preparing its audited financial statements for the year ended December 31, 2003 (the "2003 Year End Financial Statements"). Upon completing the Private Placement (defined below), the Issuer will file the 2003 Financial Statements with the Commission, together with Form 13-502F1 and pay the appropriate participation fee for the year ended December 31, 2004 pursuant to Commission Rule 13-502.

11. The Issuer's prospects have failed to improve to the point where it anticipates being able to sustain a viable business model as a public company. As a result, the directors of the Issuer have determined that it is in the best interests of the Issuer to divest the Issuer's current business and

to complete a transaction to acquire an alternative business which has better prospects for the Issuer's shareholders. Accordingly, the Issuer proposes to undertake a reorganization pursuant to which it will take the following steps: (i) complete a private placement to provide it with the resources necessary to divest its business and complete a change of business (the "Private Placement"); (ii) hold an annual and special meeting of its shareholders to seek approval to sell its existing business (the "Shareholders' Meeting"); and (iii) advance discussions to conduct a change of business for the Issuer.

12. Under the Private Placement, the Issuer proposes to issue up to 7,000,000 units at a price of $0.10 per unit to purchasers resident in the Province of Ontario or other jurisdictions outside of Canada and the United States for aggregate gross proceeds of up to $700,000, each unit to consist of one common share of the Issuer and one common share purchase warrant of the Issuer exercisable to acquire one common share for a period of two years at a price of $0.15 per share. The proceeds from the Private Placement will be used by the Issuer for: (i) the preparation and audit of its annual financial statements for the year ended December 31, 2003; (ii) the preparation of a management information circular and related proxy materials, and the mailing thereof by the transfer agent, in connection with the Shareholders' Meeting; (iii) the services of the registrar and transfer agent of the Issuer; (iv) the payment of annual participation and similar fees to applicable securities regulators and annual Exchange listing fees; (v) the services of legal counsel with respect to the Private Placement, the Shareholders' Meeting and other aspects of the proposed reorganization, this Order, the revocation of the Cease Trade Order, Alberta Cease Trade Order and the BC Cease Trade Order; (vi) the payment of existing normal course arm's length creditors of the Issuer; and (vii) general working capital.

13. Under the Private Placement, the subscription agreement provided to purchasers will set forth information with respect the Cease Trade Order, Alberta Cease Trade Order and the BC Cease Trade Order and this Order and provide notice that any and all securities issued in connection with the Private Placement will remain subject to such cease trade orders following the completion of the Private Placement.

14. In connection with the completion of the Private Placement, the Issuer intends to issue a comprehensive press release with respect to the Private Placement, the state of its business and financial situation, the state of the Cease Trade Order, Alberta Cease Trade Order, the BC Cease Trade Order and this Order, the Shareholders' Meeting and its intentions to divest its current business and complete a change of business.

15. In connection with the Shareholders' Meeting, the Issuer will send copies of the Financial Statements in Default and the 2003 Year End Financial Statements to its shareholders, together with the proxy materials for the meeting.

16. The Issuer has applied for a partial revocation of the Cease Trade Order to permit it and the purchasers to enter into the Private Placement on substantially the terms described in this Order.

17. In connection with its proposed change of business, the Issuer intends to provide prospectus like disclosure to its shareholders and will comply with all applicable securities laws and rules of the Exchange in order to complete its change of business and have its shares reinstated for trading on the Exchange.

18. In connection with a change of its business, the Issuer will apply to the Commission for full revocation of the Cease Trade Order so as to permit trading of the securities generally.

19. Concurrent with the Issuer's application with the Commission for full revocation of the Cease Trade Order, the Issuer will apply to the British Columbia Securities Commission and the Alberta Securities Commission for orders revoking the BC Cease Trade Order and the Alberta Cease Trade Order, respectively.

AND WHEREAS the Commission's power to make the Order has been assigned to the Director;

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 be and is hereby partially revoked to solely permit the trades or acts in furtherance of trades related to the completion of the Private Placement as set out in this Order.

May 11, 2004.

"Iva Vranic"

2.2.10 Certain Directors, Officers and Insiders of Hollinger Inc. - para. 127(1)2 and ss. 127(5)

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

AND

IN THE MATTER OF
CERTAIN DIRECTORS, OFFICERS AND INSIDERS OF HOLLINGER INC.
(BEING THE INDIVIDUALS AND ENTITIES LISTED IN SCHEDULE "A" HERETO)

TEMPORARY ORDER
(Paragraph 127(1)2 and subsection 127(5))

WHEREAS it appears to a Director of the Ontario Securities Commission (the "Director") that:

1. Hollinger Inc. ("Hollinger") is amalgamated under the *Canada Business Corporations Act* and is a reporting issuer in the Province of Ontario.

2. Each of the individuals and entities listed in Schedule "A" (individually, a "Respondent" and collectively, the "Respondents") is, or was, at some time since the end of the period covered by the last financial statements filed by Hollinger, namely September 30, 2003, a director, officer or insider of Hollinger and during that time had, or may have had, access to material information with respect to Hollinger that has not been generally disclosed.

3. On April 30, 2004, Hollinger issued and filed on SEDAR a press release disclosing that it will be delayed in filing its annual financial statements (and annual Management's Discussion & Analysis related thereto) and its Annual Information Form for the year ended December 31, 2003 by the required filing date under Ontario securities law, namely May 19, 2004, and its interim statements (and interim Management's Discussion & Analysis related thereto) for the first quarter ended March 31, 2004 by the required filing date under Ontario securities law, namely May 15, 2004.

4. Hollinger has failed to file its interim statements (and interim Management's Discussion & Analysis related thereto) for the three-month period ended March 31, 2004 as required to be filed under Ontario securities law on or before May 15, 2004, and has not filed such statements as of the date of this order.

5. Hollinger International Inc. ("HLR") is the principal subsidiary of Hollinger. HLR is incorporated under the laws of Delaware and is a reporting issuer in the Province of Ontario. HLR is currently engaged in a strategic process as described in the material change report filed by HLR on November 27, 2003 (the "Strategic Process"). The Strategic Process has been commenced by the board of directors of HLR and is being conducted through HLR's financial advisor, Lazard Frères & Co. LLC, to pursue a range of alternative strategic transactions for HLR. The Strategic Process may involve the sale or reorganization of all or a part of HLR's business and other possible transactions by means that may include asset sales, share sales or a merger, amalgamation, arrangement, business combination or other reorganization.

6. On April 5, 2004, Hollinger filed a material change report disclosing that it had entered into an agency agreement in respect of a proposed offering and sale of up to 20,096,919 subscription receipts (the "Subscription Receipts") of Hollinger at a price of CDN$10.50 per Subscription Receipt for gross proceeds of CDN$211 million (the "Subscription Receipt Offering"). On April 7, 2004, Hollinger issued and filed a press release and material change report announcing the closing of the offering of Subscription Receipts. As described in the above-mentioned material change reports, the gross proceeds from the sale of the Subscription Receipts will be held in escrow for a certain period following the closing of the Subscription Receipt Offering, pending the satisfaction of certain escrow conditions. The satisfaction of certain of these escrow conditions may constitute or involve trades in securities of Hollinger and/or HLR.

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

AND WHEREAS the Director is of the opinion that the length of time required to conclude a hearing could be prejudicial to the public interest;

IT IS ORDERED pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act that, effective immediately, all trading, whether direct or indirect, by the Respondents in the securities of Hollinger, with the exception of

a) any trade in securities of Hollinger contemplated by, or in connection with, the Subscription Receipt Offering (including without limitation any redemptions or retractions of any securities of Hollinger other than pursuant to a retraction request initiated by a Respondent); and

b) any trade in securities of Hollinger contemplated by or in connection with any transaction directly or indirectly resulting or arising from the Strategic Process;

shall cease for a period of 15 days from the date of this order.

May 18, 2004.

"John Hughes"

Schedule "A"

509645 N.B. Inc.
509646 N.B. Inc.
1269940 Ontario Limited
2753421 Canada Limited
Amiel Black, Barbara
Argus Corporation Limited
Atkinson, Peter Y.
Bassett, Douglas G.
Black, Conrad M. (Lord)
Boultbee, J. A.
Burt, The Hon. Richard
Carroll, Paul A.
Colson, Daniel W.
Conrad Black Capital Corporation
Cowan, Charles G.
Creasey, Frederick A.
Cruickshank, John
Deedes, Jeremy
Dimma, William A.
Dodd, David
Duckworth, Claire F.
Eaton, Fredrik S.
Gotlieb, Allan E.
Healy, Paul B.
Kipnis, Mark
Kissinger, The Hon. Henry A.
Lane, Peter K.
Loye, Linda
Maida, Joan
McCarthy, Helen
Meitar, Shmuel
O'Donnell-Kennan, Niamh
Paris, Gordon
Perle, The Hon. Richard N.
Radler, F. David
The Ravelston Corporation Limited
Rohmer, Richard, OC, QC
Ross, Sherrie L.
Sabia, Maureen J.
Samila, Tatiana
Savage, Graham
Seitz, The Hon. Raymond G.H.
Smith, Robert T.
Stevenson, Mark
Thompson, The Hon. James R.
Van Horn, James R.
Walker, Gordon W.
White, Peter G.

2.2.11 Certain Directors, Officers and Insiders of Hollinger International Inc. - para. 127(1)2 and ss. 127(5)

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

AND

IN THE MATTER OF
CERTAIN DIRECTORS, OFFICERS AND INSIDERS OF
HOLLINGER INTERNATIONAL INC.
(BEING THE INDIVIDUALS AND ENTITIES LISTED
IN SCHEDULE "A" HERETO)

TEMPORARY ORDER
(Paragraph 127(1)2 and subsection 127(5))

WHEREAS it appears to a Director of the Ontario Securities Commission (the "Director") that:

1. Hollinger International Inc. ("HLR") is incorporated under the laws of Delaware and is a reporting issuer in the Province of Ontario.

2. Each of the individuals and entities listed in Schedule "A" (individually, a "Respondent" and collectively, the "Respondents") is, or was, at some time since the end of the period covered by the last financial statements filed by HLR, namely September 30, 2003, a director, officer or insider of HLR and during that time had, or may have had, access to material information with respect to HLR that has not been generally disclosed.

3. On May 6, 2004, HLR issued and filed on SEDAR a press release disclosing that it will not be in a position to file its annual financial statements (and related MD&A) for the year ended December 31, 2003, its interim financial statements (and related MD&A) for the three months ended March 31, 2004 or its Annual Information Form on a timely basis as prescribed by Ontario securities law.

4. HLR has failed to file its interim statements (and interim Management's Discussion & Analysis related thereto) for the three-month period ended March 31, 2004 as required to be filed under Ontario securities law on or before May 15, 2004, and has not filed such statements as of the date of this order.

5. HLR is currently engaged in a strategic process as described in the material change report of HLR dated November 27, 2003 (the "Strategic Process"). The Strategic Process has been commenced by the board of directors of HLR and is being conducted through HLR's financial advisor, Lazard Frères & Co. LLC, to pursue a range of alternative strategic transactions for HLR. The Strategic Process may involve the sale or reorganization of all or a part of HLR's business and other possible transactions by means that may include asset sales, share sales or a merger, amalgamation, arrangement, business combination or other reorganization.

6. Hollinger Inc. ("Hollinger") is, directly and indirectly, the largest voting shareholder of HLR and is a reporting issuer in the Province of Ontario. On April 5, 2004, Hollinger filed a material change report disclosing that it had entered into an agency agreement in respect of a proposed offering and sale of up to 20,096,919 subscription receipts (the "Subscription Receipts") of Hollinger at a price of CDN$10.50 per Subscription Receipt for gross proceeds of CDN$211 million (the "Subscription Receipt Offering"). On April 7, 2004, Hollinger issued and filed a press release and material change report announcing the closing of the offering of Subscription Receipts. As described in the above-mentioned material change reports, the gross proceeds from the sale of the Subscription Receipts will be held in escrow for a certain period following the closing of the Subscription Receipt Offering, pending the satisfaction of certain escrow conditions. The satisfaction of certain of these escrow conditions may constitute or involve trades in securities of Hollinger and/or HLR.

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

AND WHEREAS the Director is of the opinion that the length of time required to conclude a hearing could be prejudicial to the public interest;

IT IS ORDERED pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act that, effective immediately, all trading, whether direct or indirect, by the Respondents in the securities of HLR, with the exception of

a) any trade in securities of HLR contemplated by or in connection with the Subscription Receipt Offering (including without limitation any transfers or conversions of any securities of HLR in connection with satisfying redemptions or retractions of any securities of Hollinger pursuant to a retraction request initiated by a person other than a Respondent); and

b) any trade in securities of HLR contemplated by or in connection with any transaction directly or indirectly resulting or arising from the Strategic Process;

shall cease for a period of 15 days from the date of this order.

May 18, 2004.

"John Hughes"

Schedule "A"

509645 N.B. Inc.
509646 N.B. Inc.
1269940 Ontario Limited
2753421 Canada Limited
Amiel Black, Barbara
Argus Corporation Limited
Atkinson, Peter Y.
Bassett, Douglas G.
Black, Conrad M. (Lord)
Boultbee, J. A.
Burt, The Hon. Richard
Carroll, Paul A.
Colson, Daniel W.
Conrad Black Capital Corporation
Cowan, Charles G.
Creasey, Frederick A.
Cruickshank, John
Deedes, Jeremy
Dimma, William A.
Dodd, David
Duckworth, Claire F.
Eaton, Fredrik S.
Gotlieb, Allan E.
Healy, Paul B.
Hollinger Inc.
Kipnis, Mark
Kissinger, The Hon. Henry A.
Lane, Peter K.
Loye, Linda
Maida, Joan
McCarthy, Helen
Meitar, Shmuel
O'Donnell-Kennan, Niamh
Paris, Gordon
Perle, The Hon. Richard N.
Radler, F. David
The Ravelston Corporation Limited
Rohmer, Richard, OC, QC
Ross, Sherrie L.
Sabia, Maureen J.
Samila, Tatiana
Savage, Graham
Seitz, The Hon. Raymond G.H.
Smith, Robert T.
Stevenson, Mark
Thompson, The Hon. James R.
Van Horn, James R.
Walker, Gordon W.
White, Peter G.

2.2.12 Donald Parker - 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
DONALD PARKER

ORDER
(Sections 127 and 127.1)

WHEREAS on April 14, 2004, the Commission issued a Notice of Hearing (the "Notice of Hearing") pursuant to sections 127 and 127.1 of the *Securities Act* (the "Act") in respect of Donald Parker;

AND WHEREAS Donald Parker entered into a settlement agreement with Staff of the Commission (the "Settlement Agreement"), in which he agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Notice of Hearing and 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 pursuant to ss. 127(1) and 127.1 of the Act:

(a) the Settlement Agreement dated May 12, 2004, attached hereto, is hereby approved;

(b) the Respondent will cease trading in securities for a period of six months, effective from the date of this Order;

(c) the exemptions contained in Ontario securities law do not apply to the Respondent for a period of six months, effective from the date of this Order;

(d) the Respondent will forthwith resign any position he holds as a director of any issuer;

(e) the Respondent will not act as a director of any issuer for a period of six months, effective from the date of this Order;

(f) the Respondent will be reprimanded by the Commission;

(g) the Respondent will make a settlement payment of $1,800 to the Ontario Securities Commission for allocation to or for the benefit of such third parties as may be approved by the Minister under section 3.4(2) of the Act; and

(h) the Respondent will make a payment of $5,000 to Ontario Securities Commission in respect of a portion of the Commission's costs with respect to this matter.

May 18, 2004.

"S. Wolburgh Jenah" "Robert Davis" "Suresh Thakrar"

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

AND

**IN THE MATTER OF
DONALD PARKER**

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

I INTRODUCTION

1. By Notice of Hearing dated April 14, 2004, the Ontario Securities Commission announced that it proposed to hold a hearing to consider whether, pursuant to section 127 of the *Securities Act* (the "Act"), it is in the public interest for the Commission to make an Order that:

   (a) the respondent cease trading in securities permanently or for such period as the Commission may order;

   (b) the exemptions contained in Ontario securities law do not apply to the Respondent permanently or for such period as the Commission may order;

   (c) the respondent resign any positions he holds as a director or officer of any issuer;

   (d) the respondent be prohibited from becoming or acting as a director or officer of any issuer permanently or for such period as the Commission may order;

   (e) the respondent be reprimanded;

   (f) the respondent pay the costs of Staff's investigation and this proceeding; and

   (g) such other order as the Commission may deem appropriate.

II JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") recommend settlement of the allegations against the Respondent in accordance with the terms and conditions set out below. The Respondent agrees to the settlement on the basis of the facts set out in Part IV herein 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 herein.

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

III ACKNOWLEDGEMENT

4. Staff and the Respondent agree with the facts set out in Part IV herein for the purposes of this Settlement Agreement only and further agree that this agreement of facts is without prejudice to the Respondent in any other proceeding 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

Factual Background

5. Donald Parker is an individual resident in the city of Toronto in the province of Ontario. At the material time, Parker was the President and Chief Executive Officer of SmartSales Inc. ("SmartSales"), then a publicly listed company which traded on the Canadian Venture Exchange. Parker obtained his Certified Management Accountant designation in 1983.

6. Sheila Parker is married to Parker. Parker made the investment decisions with respect to his wife's spousal RRSP account.

7. Roman Corporation Limited ("Roman") was at all material times a reporting issuer within the meaning of subsection 1(1) of the *Securities Act*, R.S.O 1990, c. S. 5, as amended (the "Act"). Roman's common shares are listed and posted for trading on the Toronto Stock Exchange.

8. The Chief Financial Officer, Vice-President and Secretary of Roman was also a director of SmartSales at the material time (the "CFO of Roman"). As a senior officer of Roman, the CFO of Roman was a "person in a special relationship" with Roman within the meaning of subsection 76(5) of the Act.

9. At the material time, Roman was a significant shareholder of SmartSales. Roman was also advancing loans to SmartSales, pursuant to a secured convertible debenture, and was SmartSales's primary source of working capital and long-term financing.

10. The CFO of Roman frequently met with Parker to discuss SmartSales's financing arrangements with Roman. The CFO of Roman was directly involved in assisting and advising Parker on the day-to-day operations of SmartSales and the structuring of any financing transactions.

11. At a meeting in the latter part of 2001 with respect to Roman's financing of SmartSales, Parker was advised by the CFO of Roman that Roman was negotiating an acquisition transaction with one of its customers and that SmartSales would need to obtain alternate financing as soon as possible in order to repay the Roman loans.

12. The CFO of Roman specifically advised Parker that the information about the acquisition transaction was material, inside information which was highly confidential (the "Material Fact/Change") and could not be disclosed to anyone and also that he could not trade in the stock of Roman.

13. By virtue of Parker learning about the Material Fact/Change from the CFO of Roman, who he knew or ought reasonably to have known was a person in a special relationship with Roman, he was a "person in a special relationship" with Roman within the meaning of subsection 76(5).

14. On February 26, 2002, at 3:40 p.m., Parker purchased 1000 shares of Roman on behalf of his wife in her spousal RRSP account at a price of $1.50 per share.

15. At the time that Parker purchased the shares of Roman he was a person in a special relationship with Roman and had knowledge of the Material Fact/Change with respect to Roman that had not generally been disclosed.

16. On February 28, 2002, Parker sold 1000 shares of Roman on behalf of his wife at a price of $2.40 per share and earned a profit of approximately $900.00.

17. On February 26, 2002, at 7: 31 p.m. Roman issued a news release announcing that it had reached an agreement to acquire Boehmer and that the transaction was expected to close on March 1, 2002.

Parker's Evidence

18. Parker's evidence is that he was not informed of the name of the target company, the closing date of the acquisition transaction or the press release date.

Conduct Contrary to Ontario Securities Law and the Public Interest

19. Parker's trade in the shares of Roman, as described above, constituted a contravention of subsection 76(1) of the Act and was conduct contrary to the public interest.

V TERMS OF SETTLEMENT

20. The Respondent agrees to the following terms of settlement:

(a) the Respondent will cease trading in securities for a period of six months, effective from the date of the Order of the Commission approving the Settlement Agreement;

(b) the exemptions contained in Ontario securities law do not apply to the Respondent for a period of six months, effective from the date of the Order of the Commission approving the Settlement Agreement;

(c) the Respondent will forthwith resign any position he holds as a director of any issuer;

(d) the Respondent will not act as a director of any issuer for a period of six months, effective from the date of the Order of the Commission approving the Settlement Agreement;

(e) the Respondent will be reprimanded by the Commission;

(f) the Respondent agrees to attend, in person, the hearing before the Commission on Tuesday May 18, 2004 to consider the Settlement Agreement;

(g) the Respondent will make a settlement payment of $1,800 to the Ontario Securities Commission for allocation to or for the benefit of such third parties as may be approved by the Minister under section 3.4(2) of the Act; and

(h) the Respondent will make a payment of $5,000 to the Ontario Securities Commission in respect of a portion of the Commission's costs with respect to this matter.

VI STAFF COMMITMENT

21. If this Settlement Agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in respect of any conduct or alleged conduct of the Respondent in relation to the facts set out in Part IV of this Settlement Agreement, subject to the provisions of paragraph 25 and 26 below.

VII PROCEDURE FOR APPROVAL OF SETTLEMENT

22. Approval of this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for Tuesday May 18, 2004 or such other date as may be agreed to by Staff and the Respondent.

23. Staff and the Respondent agree that if this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter, and Respondent agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.

24. Staff and the Respondent agree that if this Settlement Agreement is approved by the Commission, neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement.

25. If the Respondent fails to honour the agreement contained in paragraph 24 of this Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against the Respondent based on the facts set out in Part IV of this Settlement Agreement, as well as the breach of the Settlement Agreement.

26. If the Settlement Agreement is approved by the Commission, and at any subsequent time the Respondent fails to honour any of the Terms of Settlement set out in Part V herein, Staff reserve the right to bring proceedings under Ontario securities law against the Respondent based on the facts set out in Part IV of the Settlement Agreement, as well as the breach of the Settlement Agreement.

27. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or an Order in the form attached as Schedule "A" is not made by the Commission, each of Staff and the Respondent will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations, unaffected by this Settlement Agreement or the settlement negotiations.

28. Whether or not this Settlement Agreement is approved by the Commission, the Respondent agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VIII DISCLOSURE OF AGREEMENT

29. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission, and forever if, for any reason whatsoever, this Settlement Agreement is not approved by the Commission, except with the written consent of both the Respondents and Staff or as may be required by law.

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

IX EXECUTION OF SETTLEMENT AGREEMENT

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

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

May 12, 2004.

"Richard Kotarba"
Witness

"Donald Parker"
Donald Parker

May 11, 2004.
"Michael Watson"
Staff of the Ontario Securities Commission
Per: Michael Watson

2.3 Rulings

2.3.1 SNP Health Split Corp. and Connor, Clark & Lunn Capital Markets Inc. - ss. 74(1)

Headnote

Subsection 74(1) - Exemption from sections 25 and 53 of the Act in connection with the writing of over-the-counter covered call options and cash covered put options by the issuer, subject to certain conditions.

Statutes Cited

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

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

AND

IN THE MATTER OF
SNP HEALTH SPLIT CORP.

RULING
(Subsection 74(1) of the Act)

UPON the application of SNP Health Split Corp. (the "Company) and Connor, Clark & Lunn Capital Markets Inc. ("CC&L"), as investment manager of the Company, to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that the writing of certain over-the-counter covered call options and cash covered put options (collectively, the "OTC Options") by the Company is not subject to sections 25 and 53 of the Act;

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

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

1. The Company is a mutual fund corporation established under the laws of the Province of Ontario.

2. The Company filed a final prospectus dated January 28, 2002 (the "Prospectus") with the Commission and with the securities regulatory authority in each of the other Provinces of Canada with respect to an initial public offering of capital shares (the "Capital Shares") and preferred shares (the "Preferred Shares"). A receipt for the prospectus was issued on or about January 28, 2002.

3. The issued and outstanding capital of the Company consists of 6,189,400 Capital Shares and 3,094,700 Preferred Shares.

4. The Capital Shares and the Preferred Shares are listed on the Toronto Stock Exchange.

5. The Company is considered a "mutual fund" within the meaning of the Act and other applicable securities legislation.

6. Scotia Capital Inc. is the administrator of the Company and CC&L is the investment manager of the Company.

7. CC&L is registered under the Act in the categories of investment counsel and portfolio manager.

8. The Company's investment objectives are to provide holders of Capital Shares with a leveraged investment, the value of which is linked to changes in the market price of a portfolio (the "Portfolio") of common shares (the "Portfolio Shares") of the companies that make up the *S&P Health Care Sector Index* of the *S&P 500 Index* (the "Health Care Index") and to provide holders of Preferred Shares with regular quarterly fixed cumulative preferential distributions representing a yield of 6.0% per annum on the $25.00 original issue price.

9. The Company invests its funds in the Portfolio Shares in accordance with the corresponding weightings in the Health Care Index. The policy of the Company is to maintain the Portfolio and not engage in trading, except to ensure that the Portfolio tracks the composition of the Health Care Index and the weightings of the constituent companies thereof.

10. The fixed distributions on the Preferred Shares are funded from the dividends received on the Portfolio Shares together with premiums earned from writing covered call options on a portion of the Portfolio Shares and earned from writing cash covered put options, where appropriate.

11. The Company will write a call option in respect of a security only if such security is actually held by the Company at the time the option is written, thus the call options will be "covered" at all times. The Company will not dispose of any security included in the Portfolio that is subject to a call option written by the Company unless such option is either terminated or expired.

12. The Company will write put options in respect of a security only if (i) the Company is permitted to invest in such security and (ii) so long as the options are exercisable, the Company continues to hold cash or cash equivalents sufficient to acquire the securities underlying the options at the aggregate strike price of such options.

13. The Company has disclosed in the Prospectus that it will only purchase or sell options as permitted under National Instrument 81-102.

14. The purchasers of OTC Options written by the Company will generally be major Canadian financial institutions and all purchasers of OTC Options will be persons or entities described in Appendix A to this ruling.

15. The writing of OTC Options by the Company will not be used as a means for the Company to raise new capital.

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

IT IS RULED, pursuant to subsection 74(1) of the Act, that the writing of OTC Options by the Company, as contemplated by this ruling, shall not be subject to sections 25 and 53 of the Act provided that:

(a) the portfolio adviser advising the Company with respect to such activities is registered as an adviser under the Act and meets the proficiency requirements in Ontario for advising with respect to options;

(b) the purchaser of an OTC Option written by the Company is a person or entity described in Appendix A to this ruling; and

(c) a receipt for the Prospectus has been issued by the Director under the Act in the principal jurisdiction in Canada in which the portfolio adviser carries on its business.

May 7, 2004.

"Susan Wolburgh Jenah" "H. Lorne Morphy"

APPENDIX A

QUALIFIED PARTIES

Interpretation

(1) The terms "subsidiary" and "holding body corporate" used in paragraphs (w), (x) and (y) of subsection (3) of this Appendix have the same meaning as they have in the *Business Corporations Act* (Ontario).

(2) All requirements contained in this Appendix that are based on the amounts shown on the balance sheet of an entity apply to the consolidated balance sheet of the entity.

Qualified Parties Acting as Principal

(3) The following are qualified parties for all OTC derivatives transactions, if acting as principal:

Banks

(a) A bank listed in Schedule I, II or III to the *Bank Act* (Canada).

(b) The Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada).

(c) A bank subject to the regulatory regime of a country that is a member of the Basel Accord, or that has adopted the banking and supervisory rules set out in the Basel Accord, if the bank has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of $25 million or its equivalent in another currency.

Credit Unions and Caisses Populaires

(d) A credit union central, federation of caisses populaires, credit union or regional caisse populaire, located, in each case, in Canada.

Loan and Trust Companies

(e) A loan corporation or trust corporation registered under the *Loan and Trust Corporations Act* (Ontario) or under the *Trust and Loan Companies Act* (Canada), or under comparable legislation in any other province or territory of Canada.

(f) A loan company or trust company subject to the regulatory regime of a country that is a member of the Basel Accord, or that has adopted the banking and supervisory rules set out in the Basel Accord, if the

loan company or trust company has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of $25 million or its equivalent in another currency.

Insurance Companies

(g) An insurance company licensed to do business in Canada or a province or territory of Canada.

(h) An insurance company subject to the regulatory regime of a country that is a member of the Basel Accord, or that has adopted the banking and supervisory rules set out in the Basel Accord, if the insurance company has a minimum paid up capital and surplus, as shown on its last audited balance sheet, in excess of $25 million or its equivalent in another currency.

Sophisticated Entities

(i) A person or company that, together with its affiliates

(i) has entered into one or more transactions involving OTC derivatives with counterparties that are not its affiliates, if

(A) the transactions had a total gross dollar value of or equivalent to at least $1 billion in notional principal amount; and

(B) any of the contracts relating to one of these transactions was outstanding on any day during the previous 15-month period, or

(ii) had total gross marked-to-market positions of or equivalent to at least $100 million aggregated across counterparties, with counterparties that are not its affiliates in one or more transactions involving OTC derivatives on any day during the previous 15-month period.

Individuals

(j) An individual who, either alone or jointly with the individual's spouse, has a net worth of at least $5 million, or its equivalent in another currency, excluding the value of his or her principal residence.

Governments/Agencies

(k) Her Majesty in right of Canada or any province or territory of Canada and each crown corporation, instrumentality and agency of a Canadian federal, provincial or territorial government.

(l) A national government of a country that is a member of the Basel Accord, or that has adopted the banking and supervisory rules of the Basel Accord, and each instrumentality and agency of that government or corporation wholly-owned by that government.

Municipalities

(m) Any Canadian municipality with a population in excess of 50,000 and any Canadian provincial or territorial capital city.

Corporations and other Entities

(n) A company, partnership, unincorporated association or organization or trust, other than an entity referred to in paragraph (a), (b), (c), (d), (e), (f), (g) or (h), with total revenue or assets, in excess of $25 million or its equivalent in another currency, as shown on its last financial statement, to be audited only if otherwise required.

Pension Plan or Fund

(o) A pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a provincial pension commission, if the pension fund has total net assets, as shown on its last audited balance sheet, in excess of $25 million, provided that, in determining net assets, the liability of a fund for future pension payments shall not be included.

Mutual Funds and Investment Funds

(p) A mutual fund or non-redeemable investment fund if each investor in the fund is a qualified party.

(q) A mutual fund that distributes securities in Ontario, if the portfolio manager of the fund is registered as an adviser, other than a securities adviser, under the Act

or securities legislation elsewhere in Canada.

(r) A non-redeemable investment fund that distributes its securities in Ontario if the portfolio manager is registered as an adviser, other than a securities adviser, under the Act or securities legislation elsewhere in Canada.

Brokers/Investment Dealers

(s) A person or company registered under the Act or securities legislation elsewhere in Canada as a broker or an investment dealer or both.

(t) A person or company registered under the Act as an international dealer if the person or company has total assets, as shown on its last audited balance sheet, in excess of $25 million or its equivalent in another currency.

Futures Commission Merchants

(u) A person or company registered under the CFA as a dealer in the category of futures commission merchant, or in an equivalent capacity elsewhere in Canada.

Charities

(v) A registered charity under the *Income Tax Act* (Canada) with assets not used directly in charitable activities or administration, as shown on its last audited balance sheet, of at least $5 million or its equivalent in another currency.

Affiliates

(w) A wholly-owned subsidiary of any of the organizations described in paragraph (a), (b), (c), (d), (e), (f), (g), (h), (j), (n), (o), (s), (t) or (u).

(x) A holding body corporate of which any of the organizations described in paragraph (w) is a wholly-owned subsidiary.

(y) A wholly-owned subsidiary of a holding body corporate described in paragraph (x).

(z) A firm, partnership, joint venture or other form of unincorporated association in which one or more of the organizations described in paragraph (w), (x) or (y) have a direct or indirect controlling interest.

Guaranteed Party

(aa) A party whose obligations in respect of the OTC derivatives transaction for which the determination is made is fully guaranteed by another qualified party.

Qualified Party Not Acting as Principal

(4) The following are qualified parties, in respect of all OTC derivative transactions:

Managed Accounts

1. Accounts of a person, company, pension fund or pooled fund trust that are fully managed by a portfolio manager or financial intermediary referred to in paragraphs (a), (d), (e), (g), (s), (t), (u) or (w) of subsection (3) or a broker or investment dealer acting as a trustee or agent for the person, company, pension fund or pooled fund trust under section 148 of the Regulation.

Subsequent Failure to Qualify

(5) A party is a qualified party for the purpose of any OTC derivatives transaction if it, he or she is a qualified party at the time it, he or she enters into the transaction.

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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
Nortel Networks Corporation	17 May 04	31 May 04			
Nortel Networks Limited	17 May 04	31 May 04			
Hollinger Inc.	18 May 04	01 Jun 04			
Hollinger International Inc.	18 May 04	01 Jun 04			

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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
26-Mar-2004	3 Purchasers	342 Highland Road Limited Partnership - Limited Partnership Units	533,333.00	533,333.00
06-May-2004	Marling Investments Inc.	Acuity Pooled High Income Fund - Trust Units	255,472.00	14,099.00
03-May-2004 06-May-2004	11 Purchasers	Acuity Pooled High Income Fund - Trust Units	2,087,920.00	115,354.00
02-Apr-2003 31-Mar-2004	The Manufacturers Life Insurance Company	AIM American Mid Cap Growth Class - Units	4,117,522.30	319,463.00
02-Apr-2003 25-Apr-2004	Transamerica Life Canada	AIM Canadian First Class -	12,194,136.14 Units	66,521,181.00
16-Apr-2003 30-Apr-2004	The Manufactures Life Insurance Company	AIM Canadian Premier Class - Units	3,891,201.21	381,759.00
06-May-2004	Transamerica Life Canada	AIM Global Energy Class - Units	24,950.41	2,265.00
04-Apr-2003 15-Apr-2003	Transamerica Life Canada	AIM Global Telecommunications Class - Units	20,200.00	10,934.00
04-Apr-2003 31-Mar-2004	Transamerica Life Canada	AIM Global Theme Class - Units	798,609.32	108,632.00
21-Apr-2004	CIBC World Markets Inc.	Apollo Trust - Notes	15,000,000.00	1.00
30-Apr-2004	TD Asset Management Inc.	Arteva Global Holdings B.V. - Notes	111,110.00	1.00
03-May-2004	369 Sailview Ventures	Auramex Resource Corp. - Common Shares	999.00	3,333.00
03-May-2004	Addax Financial Inc.	Auramex Resource Corp. - Units	33,600.00	84,000.00
26-Apr-2004	Doug Flegg	BOS Rentals Ltd. - Common Shares	49,450.00	23,000.00
23-Apr-2004	Citibank Canada	Brandbrew S.A. - Rights	120,267,760.00	1.00

21-Apr-2004	Kernwood Limited;Doug Berchtold	Brick Brewing Co. Limited - Common Shares	2,364,575.00	3,111,282.00
16-Apr-2004	6 Purchasers	Cabo Mining Enterprises Corp. - Units	442,750.00	590,333.00
14-Apr-2004	Annamaria Menozzi;Howard Sinclair-Jones	Cadre Resources Ltd. - Units	36,399.93	251,034.00
16-Apr-2004	CMP 2004 Resources;NCE Flow-Through (2004)	Cambior Inc. - Common Shares	2,511,999.60	570,909.00
15-Apr-2004	Sprott Energy Fund	Canoro Resources Ltd. - Common Shares	272,600.00	235,000.00
15-Apr-2004	Sportt Energy Fund	Canoro Resources Ltd. - Warrants	27,025.00	117,500.00
30-Apr-2004	3 Purchasers	Cara Operations Limited - Notes	145,000,000.00	3.00
15-Apr-2004	Sprott Energy Fund	Compliance Energy Corporation - Common Shares	291,060.00	462,000.00
28-Apr-2004	Royal Bank of Canada and Skypoint Capital Corporation	Core Networks Incorporated - Convertible Debentures	471,000.00	2.00
07-May-2004	4 Purchasers	Datawire Communication Networks Inc. - Preferred Shares	2,074,496.00	999,999.00
30-Apr-2004	Alliance Split Income Trust	Diversified Income Trust II - Units	44,386,250.00	3,728,213.00
15-Apr-2004	Sprott Energy Fund	Fairborne Energy Ltd. - Common Shares	607,920.00	68,000.00
30-Apr-2004	John D' Arcy and Keith Cowan	F.L. Spring Valley Limited Partnership - Limited Partnership Units	163,501.00	68,233.00
30-Apr-2004	3 Purchasers	iSee Media Inc. - Common Shares	700,000.00	823,529.00
30-Apr-2004	10 Purchasers	iSee Media Inc. - Units	492,046.00	578,878.00
20-Apr-2004	24 Purchasers	Imaging Dynamics Company Ltd. - Common Shares	8,726,500.80	5,555,556.00
28-Apr-2004	4 Purchasers	Imagis Technologies Inc. - Units	120,000.00	300,000.00
20-Apr-2004	14 Purchasers	International Nickel Ventures Inc. - Common Shares	0.90	900.00
29-Apr-2004	4 Purchasers	Kalahari Resources Inc. - Units	117,500.00	652,778.00
20-Apr-2004	1397225 Ontario Limited	Kassirer Market Neutral Limited Partnership - Limited Partnership Units	10,000,000.00	10,000,000.00
20-Apr-2004	Steven Kizell	Kernow Resources & Developments Ltd. - Common Shares	10,000.00	100,000.00
30-Apr-2004	TD Asset Management Inc.	KoSa Lux Finance B.V. - Notes	148,150.00	1.00

30-Apr-2004	TD Asset Management Inc.	KoSa Lux Finance B.V. - Notes	203,705.00	1.00
30-Apr-2004	TD Asset Management Inc.	KoSa Lux Finance B.V. - Notes	37,035.00	37,035.00
04-May-2004	Credit Risk Advisors and Toronto Dominion Asset Mgmt.	LaBranche & Co. Inc. - Notes	4,106,700.00	2.00
15-Apr-2004	Optima International Trust	Lemontonic Inc. - Shares	10,000.00	100,000.00
26-Apr-2004 04-May-2004	4 Purchasers	Lithic Resources Ltd. - Units	66,999.00	261,333.00
23-Apr-2004	N/A	Live Global Bid Inc. - Common Shares	6,637.00	5,000.00
31-Mar-2004	9 Purchasers	Maple Key + Limited Partnership - Limited Partnership Units	3,426,000.00	9.00
31-Mar-2004	Mannaland Trust	MedMira Inc. - Debentures	548,000.00	1.00
29-Apr-2004	16 Purchasers	Midnight Oil & Gas Ltd. - Common Shares	13,368,746.25	1,843,965.00
23-Apr-2004	100 Purchasers	Mitel Networks Corporation - Preferred Shares	6,369,630.00	6,369,630.00
30-Apr-2004	18 Purchasers	Oak Holdings London (2004) Inc. - Common Shares	2,310,000.00	1,800,000.00
30-Apr-2004	13 Purchasers	Oak Holdings London (2004) Inc. - Preferred Shares	3,042,650.00	3,042,650.00
20-Apr-2004	Modera Investments;Inc.	Ozz Corporation - Common Shares	314,747.00	387,143.00
27-Apr-2004	Reno Calabrigo and Leo Kosowan	Quicksilver Ventures Inc. - Common Shares	7,500.00	75,000.00
07-May-2004	Toronto Dominion Asset Mgmt	Rhodia SA - Notes	2,675,717.00	1.00
21-Apr-2004	W. Robert Farquharson	Schneider Power Inc. - Flow-Through Shares	250,800.00	2,090,000.00
29-Apr-2004	Credit Risk Advisors	Seneca Gaming Corporation - Notes	684,800.00	1.00
30-Apr-2004	Brascan Technology Fund Inc.	Sentry Technology Corporation - Convertible Debentures	2,000,000.00	1.00
16-Apr-2004	BCE Inc.	Simpler Networks Corp. - Preferred Shares	1,000,000.00	1,000,000.00
30-Apr-2004	Strathy Investments Management	Societe National des Chemins de fer Francais - Bonds	6,000,000.00	1.00
30-Apr-2004	Sprott Asset Management Inc.	Spirit Energy Corp. - Common Shares	2,000,000.00	1,250,000.00
01-May-2004	Diane M. Daniel and Kitchener Rangers Jr. "A" Hockey Club	Stacey Investment Limited Partnership - Trust Units	172,574.00	5,594.00

30-Apr-2004	10 Purchasers	Stacey RSP Fund - Trust Units	830,599.00	84,401.00
08-Apr-2004	C. Alexander Squires	Stealth Ventures Ltd. - Units	40,000.00	100.00
07-Apr-2004	10 Purchasers	St. Joseph Blvd. Properties Ltd. - Units	1,177,300.00	10.00
28-Feb-2003	26 Purchasers	Successful Investor Wealth Management Inc. - Units	2,118,326.20	194,753.00
15-Apr-2004	Sprott Energy Fund	UEX Corporation - Common Shares	172,500.00	250,000.00
15-Apr-2004	JMM Trading LP	Vanguard Response Systems Inc. - Units	335,000.00	100,000.00
31-Mar-2004	13 Purchasers	Vertex Fund - Trust Units	1,150,948.82	83,510.00
23-Apr-2004	4 Purchasers	ViXS Systems Inc. - Preferred Shares	10,575,745.00	12,083,266.00
30-Apr-2004	Jack Wilson and John D' Arcy	Wimberly Apartments Limited - Limited Partnership Units	750,000.00	690,085.00
28-Apr-2004	10 Purchasers	WPN Resources Ltd. - Units	567,000.00	1,890,000.00

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
Martin Schwartz	Dorel Industries Inc. - Shares	75,000.00
Jeffrey Schwartz	Dorel Industries Inc. - Shares	75,000.00
Jeff Segel	Dorel Industries Inc. - Shares	75,000.00
Alan Schwartz	Dorel Industries Inc. - Shares	75,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Brandes RSP Global Balanced Fund
Brandes Global Balanced Fund
Brandes RSP U.S. Equity Fund
Brandes RSP International Equity Fund
Brandes RSP Global Equity Fund
Brandes Canadian Money Market Fund
Brandes Canadian Balanced Fund
Brandes Canadian Equity Fund
Brandes U.S. Small Cap Equity Fund
Brandes U.S. Equity Fund
Brandes Emerging Markets Equity Fund
Brandes Global Small Cap Equity Fund
Brandes Global Equity Fund
Brandes International Equity Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated May 11, 2004
Mutual Reliance Review System Receipt dated May 12, 2004
Offering Price and Description:
Class M Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brandes Investments Partners & Co.
Project #641237

Issuer Name:
Centerra Gold Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated May 13, 2004
Mutual Reliance Review System Receipt dated May 14, 2004
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Canaccord Capital Corporation
GMP Securities Ltd.
HSBC Securities (Canada) Inc.
Scotia Capital Inc.
Salaman Partners Inc.
Promoter(s):
Cameco Gold Inc.
Project #643223

Issuer Name:
Cumberland Capital Appreciation Fund
Cumberland Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated May 14, 2004
Mutual Reliance Review System Receipt dated May 14, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Cumberland Asset Management Corp.
Cumberland Asset Management Corp.
Promoter(s):
Cumberland Investment Management Inc.
Project #643438

Issuer Name:
Dexit Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated May 12, 2004
Mutual Reliance Review System Receipt dated May 14, 2004
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
First Associates Investments Inc.
Dundee Securities Corp.
Paradigm Capital Inc.
Haywood Securities Inc.
McFarlane Gordon Inc.
Promoter(s):
-
Project #642897

Issuer Name:
Middlefield Short-Term Income Class
Middlefield Income and Growth Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated May 14, 2004
Mutual Reliance Review System Receipt dated May 17, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Middlefield Capital Corporation
Middlefield Securities Limited
Promoter(s):
Middlefield Fund Management Limited
Project #643996

Issuer Name:
NDi Media Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated May 10, 2004
Mutual Reliance Review System Receipt dated May 13, 2004
Offering Price and Description:
$3,000,000 to $5,000,000 - * Units. Price: $ * per Unit
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
Neil Smolar
Michael Rixon
Project #641331

Issuer Name:
Ontario Teachers' Group Dividend Fund
Ontario Teachers' Group Growth Fund
Ontario Teachers' Group Balanced Fund
Ontario Teachers' Group Diversified Fund
Ontario Teachers' Group Mortgage Fund
Ontario Teachers' Group Fixed Value Fund
Ontario Teachers' Group Global Value Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated May 7, 2004
Mutual Reliance Review System Receipt dated May 12, 2004
Offering Price and Description:
Class A and B Units
Underwriter(s) or Distributor(s):
OTG Financial Inc.
OTG Financial Inc.
Promoter(s):
OTG Financial Inc.
Project #640095

Issuer Name:
SNB Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated May 12, 2004
Mutual Reliance Review System Receipt dated May 13, 2004
Offering Price and Description:
Up to $3 million (* Common Shares) Price: $ * per Common Share
Underwriter(s) or Distributor(s):
Wellington West Capital Inc.
IPC Securities Corporation
Promoter(s):
Jim Heppell
Project #642842

Issuer Name:
UTS Energy Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated May 12, 2004
Mutual Reliance Review System Receipt dated May 13, 2004
Offering Price and Description:
$52,850,000.00 - 75,500,000 Common Shares Issuable Upon the Exercise of Outstanding Special Warrants
Price: $0.70 per Special Warrant
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Raymond James Ltd.
Canaccord Capital Corporation
Sprott Securities Inc.
Promoter(s):
-
Project #642142

Issuer Name:
UTS Energy Corporation
Principal Regulator - Alberta
Type and Date:
Amended and Restated Preliminary Prospectus dated April 26, 2004
Mutual Reliance Review System Receipt dated May 13, 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.
TD Securities Inc.
CIBC World Markets Inc.
Raymond James Ltd.
Sprott Securities Inc.
Canaccord Capital Corporation
Promoter(s):
-
Project #635230

Issuer Name:
Adherex Technologies Inc.
Type and Date:
Final Short Form Prospectus dated May 13, 2004
Receipted on May 13, 2004
Offering Price and Description:
$4,187,000.00 - 7,900,000 Units PRICE: $0.53 per Unit
Underwriter(s) or Distributor(s):
Dlouhy Merchant Group Inc.
Promoter(s):
-
Project #638649

Issuer Name:
AIC Global Financial Split Corp.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated May 17, 2004
Mutual Reliance Review System Receipt dated May 18, 2004
Offering Price and Description:
4,000,000 Preferred Shares @ $10 Per Share = $ 40,000,000
4,000,000 Class A Shares @ $15 Per Share = $ 60,000,000
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
First Associates Investments Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
TWC Securities Inc.
Wellington West Capital Inc.
Promoter(s):
AIC Limited
Project #625778

Issuer Name:
Allied Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 17, 2004
Mutual Reliance Review System Receipt dated May 17, 2004
Offering Price and Description:
$32,190,000.00 - 2,900,000 Units Price: $11.10 per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #640482

Issuer Name:
Anvil Mining Limited
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated May 14, 2004
Mutual Reliance Review System Receipt dated May 14, 2004
Offering Price and Description:
1,650,000 Common Shares (C$7,012,500) Price: C$4.25 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc
Promoter(s):
Anvil Mining NL
Project #625334

Issuer Name:
DaimlerChrysler Canada Finance Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Shelf Prospectus dated May 11, 2004
Mutual Reliance Review System Receipt dated May 12, 2004
Offering Price and Description:
$5,000,000,000.00 - Medium Term Notes (Unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
Promoter(s):
-
Project #632648

Issuer Name:
Labopharm Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated May 17, 2004
Mutual Reliance Review System Receipt dated May 17, 2004
Offering Price and Description:
$30,000,000.00 - 6,122,449 common shares Price: $4.90 per Common Share
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
GMP Securities Ltd.
Promoter(s):
-
Project #640633

Issuer Name:
Logix Canadian Equity Fund
Logix U.S. Equity Fund
Logix U.S. Equity RSP Fund
Logix International Equity Fund
Logix Diversified Bond Fund (formerly Logix Global Bond Fund)
Logix Short Term Investment Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 14, 2004
Mutual Reliance Review System Receipt dated May 18, 2004
Offering Price and Description:
A Series, F Series, I Series and O Series Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Logix Asset Management Inc.
Project #627764

Issuer Name:
Merrill Lynch Financial Assets Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 17, 2004
Mutual Reliance Review System Receipt dated May 17, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Merrill Lynch Canada Inc.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #640307

Issuer Name:
Precision Drilling Corporation
Type and Date:
Final Short Form Shelf Prospectus dated May 17, 2004
Receipted on May 17, 2004
Offering Price and Description:
US$1,000,000,000.00 - Debt Securities Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #640257

Issuer Name:
QSA Canada Focus Fund
QSA US Value 50 Cdn$ Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 12, 2004
Mutual Reliance Review System Receipt dated May 13, 2004
Offering Price and Description:
Units @ Net Asset Value per Unit
Underwriter(s) or Distributor(s):
Acker Finley Asset Management Inc.
Promoter(s):
-
Project #634045

Issuer Name:
St-Moritz Capital Inc.
Principal Regulator - Quebec
Type and Date:
Final CPC Prospectus dated May 13, 2004
Mutual Reliance Review System Receipt dated May 14, 2004
Offering Price and Description:
Minimum Offering: $1,250,000 or 6,250,000 Common Shares
Maximum Offering: $1,900,000 or 9,500,000 Common Shares
Price: $0.20 per Common Share - Minimum Subscription: $1,000 or 5,000 Common Shares
Underwriter(s) or Distributor(s):
CANACCORD CAPITAL CORPORATION
Promoter(s):
-
Project #631797

Issuer Name:
TGS NORTH AMERICAN REAL ESTATE INVESTMENT TRUST
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 14, 2004
Mutual Reliance Review System Receipt dated May 14, 2004
Offering Price and Description:
$50,001,250.00 - 5,525,000 Units Price: $9.05 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
National Bank Financial Inc.
CIBC World Markets Inc.
Raymond James Ltd.
Wellington West Capital Inc.
Promoter(s):
-
Project #639429

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Correction to Registrant Table Published in OSCB 2718, April 30, 2004:			
Amalgamation	Fidelity Investments Canada Limited and Fidelity Intermediary Services Company Limited and Fidelity Intermediary Securities Company Limited To Form: Fidelity Investments Canada Limited		January 1, 2004
New Registration	Duncannon Corporation	Limited Market Dealer	May 13, 2004
New Registration	LCFR Agencies, Inc.	Limited Market Dealer	May 14, 2004
Name Change	From: Dunedin Securities Inc. To: Sora Group Wealth Advisers Inc.	Investment Dealer	April 16, 2004
Name Change	From: Wildman Capital Management Inc. To: Firefly Strategy Capital Inc.	Limited Market Dealer	May 6, 2004
Registration Category Change	AGF Private Investment Management Limited	From: Extra-Provincial Investment Counsel and Portfolio Manager To: Investment Counsel and Portfolio Manager	May 11, 2004
Amalgamation	GOODMAN & COMPANY, INVESTMENT COUNSEL LTD. and Cartier Mutual Funds Inc. To Form: GOODMAN & COMPANY, INVESTMENT COUNSEL LTD./GOODMAN & COMPANY, CONSEIL EN PLACEMENTS LTEE	Investment Counsel and Portfolio Manager	May 1, 2004

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 IDA Amendments to the Notes and Instructions to Schedule 5 of Form 1 Relating to Approved Inter-Dealer Bond Brokers

INVESTMENT DEALERS ASSOCIATION OF CANADA

AMENDMENTS TO THE NOTES AND INSTRUCTIONS TO SCHEDULE 5 OF FORM 1 RELATING TO APPROVED INTER-DEALER BOND BROKERS

I Overview

A Current rules

Note 7 of the Notes and Instructions to Schedule 5 of Form 1 lists inter-dealer bond brokers with which Member firms may transact with on a value for value basis for customer account margin purposes. As the list changes, a specific rule amendment must be drafted and approved by the board on a periodic basis to reflect the necessary addition and deletion of inter-dealer bond broker names.

B The issue

It is not an efficient use of time to require each SRO board to pass a rule change to update the list of approved list of inter-dealer bond brokers. Rather, a more efficient approach (adopted previously for the lists "Basle Accord Countries" and "regulated entities") would be to allow Association staff to produce a list of approved inter-dealer bond brokers on a periodic basis through the issuance of a Member Regulation Notice.

C Objective

The objective of the proposed amendments is to adopt a more efficient approach for updating the list of approved inter-dealer bond brokers. The specific proposal is to delete the list of inter-dealer bond broker names set out in Note 7 of the Notes and Instructions to Schedule 5 of Form 1 and instead refer to a list of approved inter-dealer bond brokers that will be published from time to time by Association and Bourse de Montreal staff through the issuance of a regulatory notice.

D Effect of proposed rules

Adoption of the attached proposed amendments will enable more efficient updating of approved list of inter-dealer bond brokers. These amendments are housekeeping in nature and, as a result, 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 use of the approved list of inter-dealer bond brokers, its relevant history and the proposed amendments to the approach to be taken to update this list, have already been adequately addressed above. As these proposed amendments are housekeeping in nature, a detailed discussion of the proposed amendments was considered unnecessary.

B Issues and alternatives considered

No alternatives were considered.

C Comparison with similar provisions

As this amendment is considered to be housekeeping in nature it has not been compared to the requirements of other regulators.

D Systems impact of rule

There are no system impacts associated with this proposed amendment. 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 Montréal have received approval to do so from their respective recognizing regulators.

E Best Interests of the Capital Markets

The Board has determined that this housekeeping 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:

- provide for the administration of the affairs of the Association (by adopting a more efficient approach for updating the list of approved inter-dealer bond brokers)

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.

The Association has determined that the entry into force of these proposed amendments is housekeeping in nature.

III Commentary

A Filing in Other Jurisdictions

These proposed amendments will be filed for approval in Alberta, British Columbia and Ontario and will be filed for information in Nova Scotia and Saskatchewan.

B Effectiveness

As indicated in the previous sections the amendment is of this housekeeping rule will be effective in addressing the issues discussed above.

C Process

The 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

References:

- IDA Rulebook Form 1, Schedule 5

V OSC Requirement to Publish for Comment

The Association has determined that the entry into force of these proposed amendments is housekeeping in nature. As a result, a determination has been made that these proposed rule amendments need not be published for comment.

INVESTMENT DEALERS ASSOCIATION OF CANADA

AMENDMENTS TO THE NOTES AND INSTRUCTIONS TO SCHEDULE 5 OF FORM 1 RELATING TO APPROVED INTER-DEALER BOND BROKERS

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. Note 7 of the Notes and Instructions to Schedule 5 of Form 1 is amended by deleting the words “The following are approved:” and list of inter-dealer bond broker and replacing these words with:

   “Approved inter-dealer bond brokers are those inter-dealer bond dealers that are approved by the IDA and the Bourse de Montréal Inc. The list of approved inter-dealer bond brokers will be published from time to time through the issuance of a regulatory notice.”

2. Note 8 of the Notes and Instructions to Schedule 5 of Form 1 is amended by deleting the words “approved list above.” and replacing them with the words “list of approved inter-dealer bond brokers.”

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 NOTES AND INSTRUCTIONS TO SCHEDULE 5 OF FORM 1 RELATING TO APPROVED INTER-DEALER BOND BROKERS

CLEAN COPY

7. **Line 4(a)** - All balances must be margined in the same way as accounts of Acceptable Counterparties (see Schedule 4 Notes and Instructions). Balances, or portions thereof, arising from trading transactions such as commodity, options and short sale deposits should also be reported on this line. This line should also include balances with approved inter-dealer bond brokers. Approved inter-dealer bond brokers are those inter-dealer bond dealers that are approved by the IDA and the Bourse de Montréal Inc. The list of approved inter-dealer bond brokers will be published from time to time through the issuance of a regulatory notice.

8. **Line 4(b)** - All balances must be margined in the same way as regular clients' accounts (see Schedule 4 Notes and Instructions). Balances, or portions thereof, arising from trading transactions such as commodity, options and short sale deposits should also be reported on this line. This line should also include balances with inter-dealer bond brokers which are not on the list of approved inter-dealer bond brokers.

INVESTMENT DEALERS ASSOCIATION OF CANADA

AMENDMENTS TO THE NOTES AND INSTRUCTIONS TO SCHEDULE 5 OF FORM 1 RELATING TO APPROVED INTER-DEALER BOND BROKERS

BLACKLINE COPY

7. **Line 4(a)** - All balances must be margined in the same way as accounts of Acceptable Counterparties (see Schedule 4 Notes and Instructions). Balances, or portions thereof, arising from trading transactions such as commodity, options and short sale deposits should also be reported on this line. This line should also include balances with approved inter-dealer bond brokers. ~~The following are approved:~~

~~• Cantor Fitzgerald Partners~~
~~• Cowen & Company~~
~~• Euro Brokers Canada Ltd~~
~~• Freedom International Brokerage Inc.~~
~~• Garban Canada~~
~~• M.W. Marshall Securities (Canada) Limited~~
~~• Prebon Yamane (Canada) Limited~~
~~• Exco Shorcan Limited~~
~~• Tullet & Tokyo Securities (Canada) Limited~~

Approved inter-dealer bond brokers are those inter-dealer bond dealers that are approved by the IDA and the Bourse de Montréal Inc. The list of approved inter-dealer bond brokers will be published from time to time through the issuance of a regulatory notice.

8. **Line 4(b)** - All balances must be margined in the same way as regular clients' accounts (see Schedule 4 Notes and Instructions). Balances, or portions thereof, arising from trading transactions such as commodity, options and short sale deposits should also be reported on this line. This line should also include balances with inter-dealer bond brokers which are not on the ~~approved list above~~list of approved inter-dealer bond brokers.

13.1.2 Summary of Public Comments Respecting MFDA Application for Amendment and Restatement of its Recognition Order

SUMMARY OF PUBLIC COMMENTS RESPECTING MFDA APPLICATION FOR AMENDMENT AND RESTATEMENT OF ITS RECOGNITION ORDER

On December 12, 2003, the Ontario Securities Commission published for public comment the MFDA's application to amend and restate its recognition order. The MFDA application was published in Volume 28, Issue 26 of the Ontario Securities Commission Bulletin, dated December 12, 2003.

The public comment period expired on January 12, 2004.

Two submissions were received during the public comment period:

1. The Investment Funds Institute of Canada ("IFIC")

2. The Federation of Independent Mutual Fund Dealers (the "Federation")

Copies of comment submissions may be viewed at the offices of the MFDA, 121 King Street West, Suite 1600, Toronto, Ontario by contacting Laurie Gillett, Membership Services Manager, (416) 943-5827.

Both IFIC and the Federation expressed support for the proposed housekeeping amendment in section 14 of the terms and conditions of MFDA recognition which would extend the transition period for MFDA Rule 2.4.1 to December 31, 2006 in the provinces of British Columbia, Ontario and Saskatchewan. IFIC noted that the proposed three-year suspension of MFDA Rule 2.4.1 is a matter of particular significance to its members since the Rule, if it comes into force, would effectively prohibit individual mutual fund salespersons from receiving the benefits of incorporation. The Federation submitted that if Rule 2.4.1 were not suspended, the impact would be extremely disruptive to the industry and especially prejudicial to the business of financial planners primarily due to adverse tax consequences.

13.1.3 RS Market Integrity Notice – Solicitation of Interest to Serve on the Rules Advisory Committee and the Hearing Committee

May 18, 2004 No. 2004-014

SOLICITATION OF INTEREST TO SERVE ON THE RULES ADVISORY COMMITTEE AND THE HEARING COMMITTEE

Summary

Market Regulation Services Inc. ("RS") is seeking qualified persons to serve on:

- the Rules Advisory Committee ("RAC") which provides advice to management and the Board of Directors of RS regarding proposed amendments to the Universal Market Integrity Rules ("UMIR") and other regulatory policy matters; and

- the Hearing Committee ("HC") from which Hearing Panels are selected to hear disciplinary proceedings under UMIR.

About RS

RS has been recognized as a self-regulatory organization ("SRO") 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"). As such, RS 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 market 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"), TSX Venture Exchange ("TSX VE") and Canadian Trading and Quotation System ("CNQ"), as recognized exchanges ("Exchanges") and for Bloomberg Tradebook Canada Company, as an alternative trading system ("ATS").

Rules Advisory Committee

Mandate of the Rules Advisory Committee

RS anticipates that amendments to UMIR will, or may, be required in a number of circumstances including:

- changes in the Marketplace Operation Instrument and the Trading Rules;

- changes in applicable securities legislation and regulations;

- recognition of additional marketplaces (whether or not such marketplaces retain RS as their regulation services provider);

- introduction of new products and facilities by marketplaces; and

- developments in securities trading regulation in jurisdictions and markets outside of Canada.

All amendments to UMIR must be adopted by the Board of Directors of RS (the "Board") prior to being published for public comment and submission to the Recognizing Regulators for approval. RAC reviews each proposed amendment prior to its submission to the Board to ensure that proposal not only adequately addresses market integrity concerns and is in the public interest but is also practicable and cost-efficient from the perspective of marketplaces and participants. RAC may review and make a recommendation to the President or RS ("President") and/or the Board respecting:

- any application for an exemption of a marketplace or a class of transaction from the application of a provision of UMIR;

- the position to be taken by RS in response to a request for comments issued by a securities regulatory authority or SRO;

- the position to be taken by RS in submissions to a securities regulatory authority in respect of any rule, policy, by-law or similar requirement that has been or is to be adopted by a marketplace (including a marketplace that has not retained RS to be its regulation service provider); and

- any other matter where, in the opinion of the President, the review or comment of RAC would be desirable.

RAC, on its own initiative, may make recommendations to the President or to the Board on any matter that in the opinion of RAC would improve the integrity of the Canadian securities market, including trading on any marketplace that has retained RS to be its regulation services provider.

RAC generally holds six regularly scheduled meetings each year and other meetings are convened as required. Members may participate in meetings held at the Toronto office of RS in person, by video-conference from our Vancouver office or by conference call. Members of RAC receive no compensation from RS for serving on RAC.

Composition of the Rules Advisory Committee

RAC is comprised of a floating number of members, including the following:

1. Each marketplace that has retained RS to be a regulation services provider is entitled to nominate a member of RAC.

2. The President of RS nominates 9 members of RAC being:

   (a) *Trading Representatives* - 4 representatives of Participants (with particular emphasis on persons with trading supervisory responsibility or experience, at least one of whom shall have a background in the trading of derivatives);

   (b) *Institutional/Subscriber Representatives* - 2 representatives of institutional investors or subscribers to an ATS; and

   (c) *Legal/Compliance Representatives* - 3 representatives with experience or expertise in securities trading compliance matters (including: members of the legal community with experience in advising dealers on regulatory compliance, professional advisers in securities regulatory compliance of accounting firms, persons employed by a dealer with senior compliance responsibilities and former employees of securities regulatory authorities or SROs).

Qualifications of a Rules Advisory Committee Member

The Corporate Governance Committee (comprised of the independent public members of the Board) reviews all nominees and makes recommendations to the Board respecting the appointment of each person nominated. If the Board rejects the appointment of any nominee, the marketplace or the President, as the case may be, shall nominate a replacement nominee. In evaluating nominees, the Corporate Governance Committee considers whether the composition of RAC will adequately represent persons with:

- expertise in the trading or the regulating of trading of securities of the type traded on the marketplaces for which RS acts as the regulation services provider (e.g. "senior" equities, "venture" equities, debt or derivatives);

- expertise in the trading rules applicable to the types of marketplaces for which RS acts as the regulation services provider (e.g. Exchange, quotation and trade reporting system ("QTRS") or ATS);

- experience or knowledge in the trading of securities in those jurisdictions in which RS is recognized as an SRO; and

- experience with securities dealers of varying sizes and lines of business (e.g. professional trading and retail trading).

Selection Process For Members of the Rules Advisory Committee

Each member of RAC is appointed for a two-year term, subject to reappointment. The term of most of the current members of RAC expires on September 4, 2004.

The President will review information from each candidate and will select his nominees by June 30, 2004. Each marketplace will be asked to consider their members and submit the names of their nominees for RAC to the Corporate Governance Committee by June 30, 2004. For a list of the current members of RAC and the organizations which they represent, please visit www.rs.ca.

Hearing Committee

Role of the Hearing Committee

Three members of the HC are selected by the Secretary of RS to comprise a Hearing Panel to hear any disciplinary proceeding initiated under UMIR or to consider any settlement agreement entered into by RS and a regulated person. Each Hearing Panel is comprised of:

- one member of the Hearing Committee who is or was a member of the Law Society for the jurisdiction in which the hearing is to be held and this person shall act as chair of the Hearing Panel; and
- 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.

An Exchange or QTRS may, as part of the retainer of RS as its regulation services provider, engage RS to conduct disciplinary proceedings as against persons within the jurisdiction of the Exchange or QTRS for violations of a rule, policy or requirement of that marketplace (other than a rule, policy or requirement related to the listing or quoting of a security). Presently, a Hearing Panel may hear proceedings for violations of requirements of the TSX, TSX VN and CNQ.

As a general rule, persons who are active in the securities industry do not receive any compensation from RS for serving on a Hearing Panel. Non-industry members of a Hearing Panel may be entitled to a per diem amount for hearings based on compensation guidelines adopted from time to time.

Composition of Hearing Committee

The HC is comprised of a floating number of members. Each marketplace that retains RS as its regulations services provider is entitled to nominate 20 persons to be a member of the Hearing Committee in each jurisdiction in which the marketplace is:

- in the case of an Exchange or QTRS, recognized or exempt from recognition as an Exchange or QTRS in accordance with applicable securities legislation; and
- in the case of an ATS, registered in accordance with applicable securities legislation.

At least one-third of the persons nominated by a marketplace in each jurisdiction shall be:

- a member in good standing of the Law Society of that jurisdiction or a person retired from membership of the Law Society of that jurisdiction in good standing; and
- a current or former director, officer, partner or employee of a Participant or an Access Person of the marketplace.

Qualifications of a Hearing Committee Member

The Corporate Governance Committee reviews each person nominated for membership on the HC in accordance with the following criteria:

- their general knowledge of business practices and securities legislation;
- experience;
- regulatory background;
- availability for hearings;
- their reputation;
- their ability to conduct hearings in either French or English; and
- the jurisdictions in which the nominee would be entitled to serve.

Each member of the HC is appointed by the Corporate Governance Committee for a three-year term, to be automatically extended until the completion of a proceeding then before a Hearing Panel on which that person is a member.

Selection Process For Members of the Hearing Committee

Information on persons interested in serving on the HC will be provided to each of the marketplaces. Subject to the requirements of a marketplace to nominate persons with certain qualifications and residence as described above, each marketplace will be entitled to nominate persons based on the information submitted. Information on each of the nominees will be submitted to the Corporate Governance Committee for review and approval based on the review criteria described above.

Confirmation of Interest/Submission of Personal Information

Any person who is interested in serving:

- on RAC as one of the nominees of the President as a Trading Representative, Institutional/ Subscriber Representative or Legal/ Compliance Representative; or

- on the HC as one of the nominees of a marketplace to serve for a hearing held in Alberta, British Columbia, Manitoba, Ontario or Quebec,

should provide written confirmation of their interest together with current biographical information and a description of qualifications by **June 17, 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

Telephone: 416.646.7277
Fax: 416.646.7265
e-mail: james.twiss@rs.ca

ROSEMARY CHAN
VICE PRESIDENT, MARKET POLICY AND GENERAL COUNSEL

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Chapter 25

Other Information

25.1 Exemptions

25.1.1 Rally Energy Corp. - s. 13.1 of NI 51-102

Headnote

Issuer that is listed on the Regulated Unofficial Market of the Frankfurt Stock Exchange ordered not to be excluded from definition of "venture issuer" under National Instrument 51-102 Continuous Disclosure Obligations solely due to those listings.

Rules Cited

Section 13.1(1) of National Instrument 51-102.

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

AND

NATIONAL INSTRUMENT 5I-102
CONTINUOUS DISCLOSURE OBLIGATIONS
(NI 5I-102)

AND

IN THE MATTER OF
RALLY ENERGY CORP.

EXEMPTION
(Section 13.1 of NI 51-102)

UPON the application of Rally Energy Corp. (the "Corporation") to the Director for an order under Section 13.1 of National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102") that the listing of the Corporation on the Regulated Unofficial Market of the Frankfurt Stock Exchange shall not cause the Corporation to be excluded from the definition of "venture issuer" solely due to such listing;

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

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

1. The Corporation is a company governed by the *Business Corporations Act* (Ontario). Its head office is located in Calgary, Alberta and its registered office is located in Toronto, Ontario.

2. The Corporation is a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act") the *Securities Act* (British Columbia) (the "B.C. Act"), the *Securities Act* (Ontario) (the "Ontario Act") and the *Securities Act* (Nova Scotia) (the "Nova Scotia Act") and is not in default of any requirement of the Alberta Act, the B.C. Act, the Ontario Act or the Nova Scotia Act or the rules and regulations pertaining to those acts.

3. The Corporation's common shares are listed on the TSX Venture Exchange under the trading symbol RAL and began trading on the Freiverkehr der FWB Frankfurter Wertpapierbörse (the regulated unofficial market of the Frankfurt Stock Exchange) (the "Regulated Unofficial Market") under the symbol REL on September 8, 2003.

4. The Corporation is not the subject of any enforcement actions by the Alberta, British Columbia, Ontario or Nova Scotia Securities Commissions or by the TSX Venture Exchange or the Regulated Unofficial Market.

5. A "venture issuer" is defined by NI 51-102 as a reporting issuer that, as at the applicable time, did not have any of its securities listed or quoted on any of the Toronto Stock Exchange, a U.S. marketplace or a marketplace outside of Canada and the United States of America.

6. The Corporation does not fall within the definition of venture issuer solely due to the fact that its shares are included on the Regulated Unofficial Market.

7. In all other respects the Corporation falls within the definition of venture issuer as provided by NI 51-102.

8. The Regulated Unofficial Market does not have any ongoing disclosure requirements, nor any minimum listing requirements, nor any maintenance requirements.

9. No securities of the Corporation are listed or quoted on any marketplace as that term is defined in NI 51-102, other than the Regulated Unofficial Market and the TSX Venture Exchange.

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, under Section 13.1 of NI 51-102 that the requirement in the definition of venture issuer in NI 51-102, that an issuer not,

at the relevant time, have any of its securities listed or quoted on a marketplace outside of Canada and the United States of America, does not apply to the Corporation for so long as securities of the Corporation are only listed or quoted on the Regulated Unofficial Market of the Frankfurt Stock Exchange and not on any other marketplace outside of Canada and the United States of America.

May 14, 2004.

"Charlie MacCready"

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